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POLITICAL AFFAIRS

Deputies Appeal for Government Unity

934C0347B Moscow *LITERATURNAYA GAZETA*
in Russian No 47, 18 Nov 92 p 12

[Appeal by group of Russian Federation people's deputies: "For Harmony in Our Home"]

[Text] Civil war has come to the land of Russia, fratricide has broken out in North Ossetia. People have been killed, homes burned down. Grief, loss, and misfortune hang over all of us. We are becoming even poorer. Military actions are always a black hole irretrievably swallowing the resources of the nation.

Like gangrenous spots, armed conflicts are spreading across the territory of Eurasia—Karabakh, Tajikistan, Abkhazia... Even Russian lands are getting their turn.

The citizens of our country are feeling the impotence of the central authority. Impotence incites conflicts. At present, on the border areas. What will happen next?

Russia cannot exist without a civilized authority that holds its diversity together and stands above the innumerable local disputes. The collapse and decay of this authority is a crime against everyone, but most of all the weak and defenseless.

But how is the strength of the state to be revived and restored? How are we to stop from going over to the opposition a large number of people who only yesterday still supported not only the president but the government as well? How are we to push onto the sidelines of political life those politicians who are interested in aggravating the situation?

The outbreak of confrontation and political impasse at the impending congress could allow things to get out of control and prompt decisive and irreparable actions. A state of emergency is a direct path to chaos and the crash of all constitutional organs of authority without exception, including the institution of the president. The liquidation and subsequent inevitable dissolution of the Supreme Soviet will only push the country to collapse.

It is time to heed the instinct of national self-preservation. Despite Russia's boundlessness, the nation's resources are very depleted, and there are not that many people who are capable of managing the government: they are scattered into various political factions and parties, and many have gone into commercial structures. They can be assembled only by establishing a government of national trust that is capable of continuing the reforms that have been started.

The government will be effective only after it receives the support of both the president and the Supreme Soviet.

The president, the Congress, the Supreme Soviet, and the federal government guarantee the unity of the Russian Federation and the preservation of the constitutional structure. Their cooperation is the most necessary prerequisite for pulling out of the crisis. The most ideal government will not be able to implement reforms if at a minimum it does not rely on the support of policy-making circles: entrepreneurs, enterprise directors, state officials, the intelligentsia, and activists of the workers' movement. There is no political party today, or even a political bloc, that would be strong enough singly to form a stable and strong government.

We have no choice—either a weak government whose decisions will not be executed, or a strong coalition government that will stop the policy of continuous vacillation and impulsive actions that are poorly reasoned and poorly prepared.

We are for the restoration of the prestige of the federal authority, for the preservation of all democratic institutions of authority without exception, and for the guarantee of human rights in all corners of our great motherland.

We appeal to the deputies to rise above prejudices, passions, and offenses and to adopt well-reasoned decisions and stop the race to the abyss.

We call on all citizens not to yield to the temptations of a "witch-hunt" and to express themselves firmly in the way of reasonable compromises, for peace and harmony in our home.

Those who wish to join our appeal are requested to call: 205-88-84.

[Signed] People's Deputies of the Russian Federation

S. Andreyev, A. Dobzhinskiy, A. Zakharov, N. Lysenko, Ye. Kozhokin, S. Kovalev, N. Medvedev, V. Sheynis, A. Pochinok, O. Plotnikov, S. Umetskaya

Together with the people's deputies, the appeal was signed by a number of managers of scientific and production establishments and representatives of the creative intelligentsia.

Commentary on Government Actions, Rumors

934C0351A Moscow *ARGUMENTY I FAKTY*
in Russian No 45, Nov 92 p 2

[Article by A. Uglov: "What Is the Upcoming Congress Preparing for Us?"]

[Text] In these stormy pre-congress days the withdrawal of the members of the Constitutional Court of Russia into their closed last session on the "CPSU affair" has almost gone unnoticed.

Meanwhile, according to reports that require additional corroboration, the judges' decision has already been

made. The edicts of the president of Russia were apparently held to be constitutional, with the exception of one paragraph of the November edict which discusses CPSU property. The fate of the property must be resolved in a judicial proceeding. From our sources it is known that the judges were not all of the same opinion, and there was even talk apparently of the group resignation of some of them. But this did not happen, and those judges that are drawn to communism have already flown to the United States to exchange experiences.

Recently the efforts of Western states and social structures to invite leaders of a procommunist orientation to their countries as frequently as possible have become obvious. Nina Andreyeva and Sergey Baburin are travelling around the world, and others are travelling also. They believe, apparently, that it is better to wage the battle with world capital on its territory.

The "battle with capital" is also being continued in the Supreme Soviet of Russia. Last week, parliament, not caring a damn about the word "quorum," which is dear to our heart, adopted the Law on Government. Like real pianists, singly or in duets, the deputies voted for their absent comrades. Their amusing running around from table to table in order to press someone else's button angered R. Khasbulatov. But they did not allow him to take a "head count" himself. It was difficult to come up with 110 to 140 "heads" instead of the required 165.

However, despite the obvious failures in its work the Supreme Soviet did not hold back, and declared its own budget for next year in the sum of 448 percent above the current one.

However, an evil role should not be ascribed to the deputy corps—this is far from the case. There is also a lot of confusion in the work of the government. In the words of A. Rutskoy, raw materials in the sum of \$24 billion were sold abroad, while commodities were purchased in the sum of \$25 billion. At the same time, in addition to oil and timber, dozens of modern military aircraft—SU-27 and MiG-31—are ready to be sold abroad. At least eight countries want to buy them. Even the president issued a menacing directive—everything is to be done to sell them. But everyone you talk to on this subject mentions the name of Minister P. Aven, who "cancels" these deals. The "Admiral Kuznetsov" is standing virtually without deck aviation—there is no money for aircraft. And this is at a time when the ruble that is expended for aviation construction is now more expensive than the dollar. For the sale of a dozen or so SU-27's it is possible not only to equip an aircraft carrier and, without exaggeration, to retain the valuable personnel of aircraft plants, but also to provide all registered Russian farmers' mini-tractors with equipment at a price of not more than 10,000 rubles per set (!!!). But, after all, the Komsomolsk-na-Amur aircraft plant alone is capable of producing several dozen such aircraft annually!

This is what parliament could engage itself in, literally committing the government to throw light on this dark

story in the shortest possible time. Instead of this the nationality of the chairman of the antimonopoly committee recommended by B. Yeltsin is examined.

The last pregress threat is an expression of a lack of confidence in the government even before the congress, at the session. But apparently there is an antidote even for this threat. According to the information of a number of sources in the Kremlin, in this event, as in the event of a possible congressional orgy, measures are being taken that are the result of the oath of the president on loyalty to the people. Meanwhile, recent events give cause for optimism. Russian industrialists and governors have expressed their support for the majority of members of the government and the president. And, indeed, parliament will very likely think twice before coming to a final break with the president.

Federation Representative on Communist Threat on Khabarovsk

OW1711134392 Moscow Russian Television Network in Russian 0515 GMT 4 Nov 92

[Interview with V.M. Desyatov, Russian Federation representative in Khabarovsk Kray; place and date not given; presented by Vladimir Voropayev; from the "Dalniy Vostok" program—recorded]

[Text] [Voropayev] The Russian president signed a decree on measures to protect the constitutional structure of the Russian Federation on 28 October. It outlines measures for immediate action to stop activities by the National Salvation Front and similar extremist organizations. [Video shows people at rally waving red flags and communist slogans, then cuts to show interview with V.M. Desyatov, Russian Federation representative in Khabarovsk Kray]

[Begin recording] [Desyatov] We understand very well that the federation of independent labor unions is a gang of high-ranking nomenklatura. Willingly or unwillingly, they united with aggressive and revanchist forces. The actions that the labor unions carried out all over Russia, the actions taking place now among the Russian deputies, and the appearance of the National Salvation Front all bode some very unpleasant events in Russia; therefore, during the meeting with the president, this subject was even more crucial than even the progress of economic reform. If the reaction also begins to destabilize the situation, then not only will reforms not be carried out in Russia, but we will regress at least three or four years. Therefore, the danger of this phenomenon, of both the red hysteria and the brown plague, is great, especially since it might happen at the seventh congress. If the deputies vote for abolishing the presidency, it will become a road toward Bolshevik dictatorship, which we have already experienced. [Video cuts to show some more footage of a communist rally]

The life of Khabarovsk Kray will be determined by the its political condition. If we come to an agreement

among all struggling forces so that we might work consistently, Khabarovsk Kray may become one of the first to emerge from the economic crisis. There are enough local plenary powers, and documents on transferring additional plenary powers from the center to here are in the making. Our emergence from the crisis is dependent on the way we work. Today, the kray's ability to emerge from the crisis faster than the rest of Russia is determined by these local tendencies, but the government has no intention of neglecting any region. There will be subsidies, financing, and assistance in providing food and other goods. Political stability is the most important thing in our kray today. The rallies and demonstrations organized by labor unions in the kray became political with the assistance of communist forces. If they continue growing in enterprises.... [changes thought] Meetings and preparations for rallies are held at enterprises, and so we will hold rallies instead of working. Thus we will achieve neither success at work nor economic stabilization. [Video shows rally where speaker says political demands should be made of Russian leadership, interviews with man who says he came to have a look and did not like what he saw] [end recording]

Industrialists Union Meeting Evaluated

934C0347A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 p 2

[Article by Iosif Diskin, doctor of economic sciences:
"The Director Corps Moves Forward: This Does Not Scare the President"]

[Text] Moscow—The 14 November Congress of the Russian Union of Industrialists and Entrepreneurs was associated with great expectations on the part of various sociopolitical groups in Russia.

The most important question analysts asked themselves concerned the extent to which today's leading entrepreneurs and directors support the union. Great doubts have been heard in this respect lately, and there was serious speculation about this. Some groups declared repeatedly that no one is for Volskiy today. In this sense the active participation of key directors and their speeches at the congress gave an unequivocal answer. Volskiy is supported by those directors who are oriented toward market reform. Here, in the union, the center of their interests, they associate him with very serious hopes for the conduct of an effective lobbying policy.

A second major question, on which there was also speculation, was the relationship between the president and the director corps. A number of figures from the president's circle undertook considerable effort to drive a wedge between the directors and the president and create for him the illusion that the director corps is a camouflaged opponent of reforms, and that therefore a decisive struggle with the director corps is the only reliable means of creating the prerequisites for further radical reforms. This illusion has also been shattered to a significant degree. First, with the advancement of a

sufficiently weighty economic program, which was submitted by the congress participants, but also—and this is probably most important—by the active participation in the work of the congress of the president himself. His participation was not limited to a protocol presence, and there were several important moments in his speech, in the speech of the president of Russia, at the congress. First a clear policy of dialogue with the director corps as one of the important social forces supporting reform was declared. Second, there was a clear signal that the president views the RUIE [Russian Union of Industrialists and Entrepreneurs] as a serious instrument in the implementation of an expansion of his own social base. Third, the president declared at the congress that on the whole he assesses positively the proposed economic program, and he called on the government to take from it what is most rational. Although, of course, the president also indicated a whole series of provisions which in his opinion were not acceptable. Serious discussion of these provisions is still pending. Is it possible without their adoption—that is, without the regulation of prices and wages and the establishment of a state order on limiting the types of material resources—is it possible without this to undertake a real stabilization program?

The next important aspect was the tone of the discussion. Practically speaking, the directors supported the program submitted at the congress, at the same time making it clear that today they are disposed not so much to confrontation with the government as to constructive dialogue, although they have the most serious complaints against the government. Not many of the speakers, virtually none of them, failed to make a complaint, although the tone was very conciliatory. An important moment during the course of the congress was the declaration of Nikolay Bekh, the general director of KamAZ, who rejected attempts to represent the conference between the government and directors in Tolyatti as an attempt at a split. He declared outright that this was a meeting of the RUIE leadership with the government, which should be continued. And it cannot in any way be depicted as a split of the director corps and as opposition of the directors who participated to Director Volskiy and his team. In this way, a demonstration of unity in the ranks was accented visually.

What kinds of problems did the congress engender? First. Mainly directors of successful enterprises were among the speakers, whereas the congress was attended by a large number of outsiders who were not entirely pleased with such a mellow dialogue, and attempts to show displeasure easily broke through during speeches. In significant measure, very likely, in this connection, the RUIE will have to find a method of dialogue with this part of the industrial corps, otherwise they will acquire a channel for the implementation of their interests at the congress of commodity producers, which opens this coming week and will be disposed to be much more unappeasable with regard to the government. At the same time, however, it does not have a program that is as developed and studied in detail as that of the RUIE.

Russian Constituent Union Founded

*MK1811085392 Moscow NEZAVISIMAYA GAZETA
in Russian 17 Nov 92 p 2*

[Yelena Tregubova report: "Democrats: Russian Constituent Union Set Up. 'Democratic Russia' Splittists Back Larisa Piyasheva and Idea of Constituent Assembly"]

[Text] The Russian Constituent Union [RCU] [rossiyskiy uchreditelnyy soyuz] (radicals who have left "Democratic Russia") was founded at a conference last weekend. Marina Salye, the leader of the "Democratic Russia" splittists, was elected chairman of the new entity.

The RCU's founders consider the reason for the democratic movement's present incompetence to be the "unconditional support for the course pursued by the president and the government" (support from the "Democratic Russia" leadership, in particular) and declared themselves the "consistent democratic liberal opposition to the current regime."

Supporters of the Constituent Union are convinced that the current confrontation between the legislature and executive cannot be resolved by the "good president-bad parliament" formula or vice versa.

So, they think that the country is threatened with presidential dictatorship in the event of the forcible dissolution of parliament, or with a Bolshevik dictatorship in the event of the overthrow of the president and the transfer of all power to parliament.

RCU members see the reconvening of the Constituent Assembly as the only chance to "stop being the outcasts of world civilization and restore the legitimacy of power interrupted by the October coup and the dissolution of the Constituent Assembly in January 1918."

In their view, the Assembly should not abolish existing institutions of power, but only adopt a new Constitution based on the Declaration of Human Rights (the RCU expects nothing of the sort from the present membership of the Supreme Soviet).

Multiparty parliamentary elections would have to be held on the basis of this Constitution "so that most deputies no longer represent a now disbanded strong-arm structure"

The RCU intends to fight for seats in the new parliament on the basis of the Piyasheva-Pinsker economic program that presupposes "out-and-out, unconditional privatization" (of land and real estate that hitherto belonged to the heirs of the Soviet trade unions among others).

Culture Minister on Role in Government

*934C0348A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 pp 3, 8*

[Interview with Yevgeniy Sidorov, minister of culture of Russia, conducted by Yelena Yakovich; place and date not given: "Humanitarian Background in Government Music"]

[Text] [Yakovich] So, the words "sociocultural support for the reform" have been spoken. They denote a principal direction of "official policy in the sphere of culture and tourism" in your recent report to the government. I will ask you a strange question: What do you see as your personal role in this support?

[Sidorov] I would like to support a humanitarian background in the government music.

[Yakovich] Are you the sole humanitarian in the government?

[Sidorov] Why so? There is Burbulis—he is a philosopher by education, there are Poltoranin, Kozyrev, Ella Pamfilova.... But, on the whole, ours is a government with a clearly expressed technocratic focus. Its program is connected mainly with economic strategy and the tactics of the crawl out of the morass. And the government should necessarily have an **ideology**. **This word should not be feared. What is ideology? It is an answer to the question: What for? What does a government exist and work for? Where is it leading the country? We have not only a crisis of economics, we have a crisis of ideas also.**

[Yakovich] What do you think, are you succeeding in maintaining this humanitarian background?

[Sidorov] We are not as yet. But I am not being silenced either. I exist, for all that, as some voice which is heard, under the conditions of my own echo mainly, but which is heard, nonetheless. What is really annoying is that Gaydar's economic ideas are actually geared to man's benefit somewhere in the distance, toward the release of his creative powers.... But the demonstrative renunciation of each and every cliché of the "all for man" type, as we had under the party, has led to the role of the living individual throughout this system now being absolutely incomprehensible. What generous soil for speculation, which is being patiently cultivated by parliament! Any government program, meanwhile, provides for a whole number of pretentious program words and goals—unfailingly substantive, but garbed in a form which is at least to some extent intelligible to society. It is this which has been lost sight of from the very outset.

[Yakovich] That is, you believe that honesty is contraindicated for a politician?

[Sidorov] What's honesty got to do with it? What are we building—capitalism or state capitalism or socialism with a human face—what? Can you tell me?

[Yakovich] And you?

[Sidorov] It is the government, and the president primarily, who should answer this. Without this, no sociocultural support is possible. It is incomprehensible what to support.

[Yakovich] I am not sure that it is that important today that Sweden, for example, has built....

[Sidorov] Please, just let me have it explained consistently. I agree to read five pages on this topic. I do not need the words: "plus the electrification of the whole country." Or "the voucherization of the whole country." I am not soliciting a formula—give me a social theory.

[Yakovich] But why do you say: give? What if Gaydar were to summon you and say: You are a humanist, Yevgeniy Yuryevich, let us talk for five hours—I do not grudge the time for this—and you sit down and write us a program. Are you prepared for this?

[Sidorov] This is what Burbulis said to me also: What are you here for? What is culture if not a system of social values, meanings.... This is my fault, of course. I have been too contemplative these seven months in the government. You know how I happened to come to be here.

[Yakovich] I do not, incidentally.

[Sidorov] A group of the artistic intelligentsia—Likhachev, Ulyanov, Karyakin, others—appealed to the president, and the matter was decided. This is my party. I am its protege. And for a long while I felt myself to have a dual capacity—as a participant in events and as a spectator of this play. I behaved as a writer. I thought: Here's a thing, quite recently even I was reporting in this office to the Central Committee Secretariat—Ligachev was there, Solomentsev, Pugo, as I now recall—on perestroika in the Literature Institute. And now I myself am sitting here, in this Council of People's Commissars! Inasmuch as not a word was being said about culture, this forced me to be a spectator even more. It was, after all, only a question of energy and about how to avert an air traffic controllers' strike—Shokhin would fly here, Gaydar there, Aven would jump in—heated passions the whole time.... Then the congress in April, we would resign en masse, and I had only just arrived in March. And in April I was together with everyone else signing the resignation document.... And then I resolved: Until I am removed, with everyone else or individually, I will set myself a specific goal. I will wrestle with the problem of a reinforcement of outside-of-budget sources of the funding of culture. Inasmuch as a class of entrepreneurs is emerging and will sooner or later, as throughout the world, as has been the case with us in Russia, [begin bold]want to invest money in culture, we need privileges in respect to taxes, taxes, taxes. In order that society relieve the Maecenas's of them. In short, I began to muster my forces, this same party of mine—the consultative council and my team in the ministry. And we achieved something: Yeltsin signed the decree "On Protection of Culture Under Market Conditions." A

splendid decree, but it is a statement of intent. A number of its articles—those that deal with money and taxes—have, for all that, to be approved by parliament. And it has not yet resolved these problems. Although steps have been taken—a law on culture has now been enacted, and things are already somewhat easier.

[Yakovich] But as far as I understand it, it speaks of budget funding....

[Sidorov] Correct. Culture cannot survive today in such a country as ours without budget funding. Parliament has understood this, thank God—it has allocated two percent of the total budget and six percent of the local budgets. It was worth making a fuss for this. The local budget will grow in line with decentralization, and I hope, consequently, we will reach on average an overall four percent, which would be four times more than last year. Remarkable! We now need, further, to lift taxes. To do away with the "iron curtain" so that foreigners arriving here along our lines have equal status with our people of culture—do not have to pay in hard currency for transportation and hotels; to establish discounts for "Soviet" performances—it is impossible to cart both oneself and scenery around the country for such millions; to find food for the animals—this is what I am involved in....

[Yakovich] And what do you lack most?

[Sidorov] Experience. Knowledge as to what the sector amounts to—what the state of affairs concerning the libraries and museums really is, for example. I am avidly putting all this together. I initially also experienced strong resistance here, in the ministry—this is natural. The problem is that of going to Yeltsin yet again. Which was never the case with Gubenko, his character is one of an orphanage alumnus. I have a very high regard for him—he did not have these barriers. But I have misgivings: What am I going for—blood is being spilled here, and I am pushing myself forward with my concerns. I have to push myself forward! I have to go. I have to demand, raise the question in the government once again.... I do not have this inferiority complex—culture is today in the backwaters of the social consciousness, and I am coming to you with hand outstretched for alms. On the contrary, culture, like basic research, is, as you yourself know, the sole thing which is as yet still convertible in the world. It has been worth my while coming here, all ambassadors have been here—this is indicative. The contacts are permanent. The West is very interested in our culture. I have just now been speaking at a Paris meeting of all ministers of culture of European countries and have felt this once again.

[Yakovich] Do you feel yourself to be a member of one team—this cabinet?

[Sidorov] I cannot say that the cabinet with us is distinctly divided into two parts. There is a board—key ministers and deputy chairmen, who bear the entire brunt of the work; and there are all the rest. I pertain to "all the rest." The board meets quite often, has been

doing so particularly of late. I turn on the television: my government, once again without me, is in session in Novo-Ogarevo or in Arkhangelskoye. I was offered a chance to move to Arkhangelskoye, incidentally. I declined: I live, as I have done, in Peredelkino. This also cuts me off, as it were. All the main evening government vigils take place in Arkhangelskoye....

[Yakovich] I will, then, put it another way: Do you perceive government collective responsibility?

[Sidorov] Undoubtedly. I believe that, having been appointed to ministerial office by President Yeltsin personally, I share all that is connected with the policy of his cabinet and am answerable to him, to the government, and to people, and that I share collective responsibility, of course.

[Yakovich] We are talking at a most critical time for the government....

[Sidorov] Critical yet again, as in April.

[Yakovich] Yes, but in April the government's walkout from the congress was for us, for all that, a blow, a surprise. But now everyone is waiting for something or other. Waiting for December. So much rumor and conjecture. I am addressing you now not only as a minister but also as a writer, that is, an observer, a psychologist. What kind of emotional state is the government in—panic, confusion, the mobilization of all forces—what?

[Sidorov] There is no panic. I tell you this absolutely responsibly because I have sometimes, for all that, attended closed meetings at which preparations for the congress have been discussed. We are a young government, it is learning. See how Gaydar has grown this year, his growth as a politician has been simply fantastic. He has become a man of compromise.

[Yakovich] You consider this a positive trait?

[Sidorov] Undoubtedly. What difference is it to me—an iron Bolshevik or an iron economist? He breaks up the country, and that is that. I am speaking about political compromise, a desire to come to terms with the actual situation—and it is such that the Supreme Soviet exists in the form in which it exists, whether we like it or not. Note: Gaydar does not frighten them when he is not there. They can fight with Gaydar only in his absence, when he is in Staraya Square. As soon as he puts in an appearance in the Supreme Soviet, they can do nothing with him. This means that he has become a very mature politician, this "boy," as they took him to be.

The government is now in a state of combat readiness. If a month ago even we could have spoken about some more or less composed, working state, although, of course, there were crisis moments also (connected with bank topics, which utterly ravaged Gaydar's monetary ideas and dramatized the situation), there is now the utmost clarity—decisive struggle for its view of the reforms is essential. It is essential to explain to people what certain leaders of the Supreme Soviet want. We

face the necessity for some appeal to the people. The government is ready for this. Myself included.

I am now traveling around the country. Each oblast is an entirely particular world. It is totally unrelated to Moscow or to St. Petersburg or, often—unfortunately—to the programs which we are in computer fashion imposing on the vast diverse country. What is happening in Magadan is utterly dissimilar to what is being done in Vologda. The people vary, and the mood is dissimilar, but there is virtually none of the malice and fury which are shaking the corridors and sessions of our structures. Life is hard and frightening. Museum and library employees, sacred people of Russia, are making ends meet on beggarly wages, planting potatoes.... But how the feeling for one's native parts, history, and country is reviving! This feeling comes at a price. Ideologists of the National Salvation Front cannot be allowed to drag the people into a new adventure.

We all recognize that we have dropped out of history. These things happen—such is the historical zigzag. How to link up the capillaries which have been ruptured.... We need to think about this together. Unfortunately, our government at times lacks a sense of Russia as a particular country. Once again on account of an underestimation of the humanitarian factor. For economists there is no difference between Vologda and Bashkiria: For them there is one model. But, as I have already said, we are a young government. It is learning, and, consequently, things are not hopeless. I am very pleased to have become a part of a government with precisely these people. And at this time.

[Yakovich] And how are your relations with the Supreme Soviet shaping up?

[Sidorov] For fairness' sake, not as a member of the cabinet now but as minister of culture, I have to say that culture is, perhaps, the sole sphere in which we have no contradictions with the Supreme Soviet. When I was appointed—and this happened, as you know, without parliament, by Yeltsin's order—I was greeted in parliament distrustfully. You might have seen this on television, my first appearance in the Supreme Soviet, in February.... But subsequently normal relations were established with the culture and cultural heritage commissions. The law on culture, which we managed to supplement with our proposals also, was recently adopted quickly and unanimously—to applause even. Nowhere else in the world is there such a law. There are laws of specific direct effect—on libraries, on museums—protecting the cultural heritage. They are essential for us also. But in our country, perhaps, where culture was for a long time a "wayward comet" and was regulated merely by sets of instructions and resolutions of the Central Committee, such a general law, a kind of constitution of culture, will do no harm. This is ultimately essentially the first attempt in Russia's history to record a legal base of culture. It was intended at the start of the century, it is true, to enact a law on the imperial theaters, but there was (as always in Russia) the 1905 revolution,

and the law was shelved. The RSFSR Law "On Protection and Use of Historical and Cultural Monuments" operated on our territory also, but only an individual—the bulldozer operator who had directly demolished the monument, not the department, not the municipal boss who had made the decision to do this—could, in accordance with it, be held liable for the destruction of monuments. No comment. So let there be a culture law. We need only to make further progress.

Now, once again for the first time in Russia, the government has determined the contours of state policy in the sphere of culture—these are specific programs: preservation and use of the cultural heritage and national cultures, the "Russian Province" program, the reform of education in the sphere of culture and others. And, of course, sociocultural support for the reform, with which we began the discussion.

[Yakovich] Is it not scary living this way? Minister of Health A.I. Vorobyev reported in the government together with you. The next day he was dismissed from office by a Yeltsin order....

[Sidorov] It is scary. For my wife particularly. She turns on the radio: Andrey Ivanovich and I are speaking in the government, the next day, he is gone..... A stressful situation, of course. But, you know, something helps. I like my job.

ECONOMIC AND SOCIAL AFFAIRS

Volskiy Addresses RUIE Congress

934A0283A Moscow *RABOCHAYA TRIBUNA*
in Russian 17 Nov 92 pp 1-2

["Report to the Congress of the Russian Union of Industrialists and Entrepreneurs by RUIE President Arkadiy Volskiy, in Moscow; date not given: "In Place of a Poor Russia Without the Rich To Build a Rich Russia Without the Poor"]

[Text] Last Saturday another congress of the Russian Union of Industrialists and Entrepreneurs [RUIE] was held in Moscow. Among the participants and speakers were President of Russia B. Yeltsin and acting head of the government Ye. Gaydar, as well as Vice President A. Rutskoy, members of the government, and ministers. A report on RUIE activities was presented by its president, Arkadiy Volskiy. The congress adopted an anticrisis program, which was offered to the government.

Life, unfortunately, usually operates by the rule of "found guilty through being innocent." The consequences of the mistakes, miscalculations, and stupidity of some people are borne by others. First and foremost by those who do not hide in the bushes, who take responsibility upon themselves, who grind their teeth and pull the overloaded cart with all the strength they have.

Enterprise directors and leaders of labor collectives have become precisely this kind of mainstay of the Russian reforms. It is not to prime ministers and mayors, governors and prefects that the workers bring their complaints—they hold the director responsible for everything! For wages not paid on time and unemployment, for the child care facility that was closed down and the waiting lists for housing that fall behind schedule; for cold apartments and empty shelves in the company's town stores.

That is why it is so important for us, Russian industrialists and entrepreneurs, to profoundly analyze over and over again the past stage and work out a joint position on how to get out of the crisis. After all, what is most important today is to sensibly combine the reformist aspirations with the practical potentialities of the national economy; to ensure a steady, consistent transition of material production into the more intense, effective, and stable mode of market economy. This is what I see today as the main task of this congress.

I think it is necessary once again to reiterate the basic principles that have served as the foundation of the RUIE's work for the reporting period.

The first principle is the union's adherence to a market economy. This orientation is inarguable and dominant; it determines all our activities. At the same time, we advocate state regulation of the transition to the market; the liberal nature of reforms to be undertaken, and a social orientation of the economy. We consider the affirmation of strong power a necessary condition for the successful implementation of reforms—power that stems from the authority of the president elected by the Russian people, the Constitution, Law, and Democracy.

No matter how hard it is for all of us today, the truth is that without a market there cannot be a highly productive economy that is flexible and receptive to scientific and technological changes and the constant shifts in the structure of public needs.

Second, we base our position on the fact that there is not a single example in world practice of introducing market relations by decree or through a general vote. Nowhere and never has a market economy been built this way. It is always a product of the objective development of a society that is prepared for and aware of the pluses and minuses of the market. Therefore time is needed, as well as serious painstaking work on forming and fine-tuning market structures, creating an appropriate legislative base, training cadres, and finally—or to be precise, first and foremost—changing the stereotypes in the mass consciousness. To count on a super-speedy one-step, administrative-command transition to a market means to lack an understanding of the inner logic of the development of market relations, to snobbishly ignore the natural laws inherent to this process.

Our **third principle** is to rely on ourselves, on the resources and potential of domestic industry and the Russian entrepreneurial class. Since the very first steps

of the reform we have been speaking loudly about the need for an open economy and the importance of attracting foreign investment. At the same time we insist that we should get rid of the myths and illusions that "the West will help us." We have to do the main job ourselves. Any aid may only serve as a factor in aiding the mobilization of our internal resources.

Fourth, we are firmly convinced that real transition to a market is impossible without taking into account the national traditions and peculiarities of some or other country, the historically developed structure of production, the type of culture, and social factors.

Fifth, in our activities we consistently strive to minimize the social costs of the reform. The union has already stated more than once that the transition to a market is not a goal, only the means. Russia must change from the directive-administrative to a free market system not for the sake of the market per se but only in order to build, with the aid of the market, a rich Russia without the poor in place of a poor Russia without the rich.

And, finally, we believe that everything that is rational for Russia should be emulated from all the market systems that exist in the West and the East. The symbol in Russia's state seal used to be a double-headed eagle—one half was looking west, another half—east.

In short, what we need is not haste in order to satisfy political ambitions, and not promises of a "short time-frame" for implementing hasty decisions; rather, we need a calculated, multistep, stage-by-stage movement forward, thoughtfulness and assistance, for at stake is the fate of the reform and that of many thousands of people.

We are open to cooperation with all sovereign states of the former USSR. I consider it a very effective step that the union has organized direct meetings of large groups of enterprises managers, which took place in Kharkov and Belgorod.

It is an unassailable fact that the overwhelming majority of directors support the continuation of the reform. They will not go back themselves and will not let others do so. Therefore, the position of self-proclaimed experts on combating the nomenklatura revenge, aimed at discrediting economic managers, is absolutely out of place and reckless. Especially now, when we all need social consensus.

The government's social policy today consists of disparate attempts to neutralize the seats of social tension and resembles the actions of a fire team which, barely extinguishing a fire in one place, must immediately move on to another call.

This is not the main trouble, though. A trend we ourselves consider an anathema—to close our eyes to what is happening in society and to embellish the reality—is being revived. We are being told that if the quality of life

is indeed going down, it is not by much; that we are currently somewhere at the level of the 1970's, when life was basically decent.

According to the calculations of the RUIE's Experts Institute and statistical data, with respect to the level of consumption of a number of basic food products, fabrics, and footwear the country has been thrown 30-40 or more years back.

It is hard to find an analogy to this situation either in the history of our own country or in the entire modern history of industrially developed countries.

It is clear from all signs that the government of the Russian Federation is attempting to simultaneously solve two extremely complex tasks: first, to create a domestic market in the country, and second, to integrate the Russian economy into the world economic system.

The analysis by RUIE experts shows that in the event the Russian economy shifts to the mode of being completely open to the world market, only 16 percent of its production capacities will be able to compete with certainty; 28 percent of national production capacities will come to a halt as a result of the inevitable bankruptcy of enterprises. Finally, 56 percent of production capacities, that is, the greater part of the Russian economy, will find themselves in an extremely difficult situation; as a result, not all enterprises that possess these capacities will survive.

Such a forecast does not mean, of course, a call for the Russian economy to isolate itself from the outside world. On the contrary, openness is absolutely necessary with respect to the "near diaspora" countries—provided, of course, that there is coordinated credit and monetary policy that takes into account not only the interests of our partners but also our own interests.

Severe trials await us in the near future. Not as a result of intrigues and premeditated mistakes, as some try to convince us, but due to the inexorable economic logic. To our deep regret, the Russian economy does not lend itself to quick reforms.

The crisis has acquired its own force of inertia; production will continue to decline during the current and next year. The question right now is how to get out of the crisis with minimal social costs, who in Russia to protect first and how in order to avoid explosive social consequences.

There are many who voice these days the opinion that the government needs to be completely replaced. I believe that to bring this up at this stage is premature. What is needed is a serious correction of the government's course, based on the search for consolidation, consensus, strengthening of state regulation and stimulation of production, and a search for compromise in the activities of state enterprises, entrepreneurial structures, the parliament and the executive power, and the trade unions. What is needed is a consistent implementation

of thoroughly thought-out and carefully weighed measures aimed at getting out of the crisis.

We have worked out such measures with the participation of broad circles of scientists and specialists, enterprises managers and entrepreneurs, sociologists and social scientists. Many RUIE members took part in their development. These measures are described in the RUIE Program of Action for Leading the Economy Out of the Crisis handed out to you. (A rendition was published in *RABOCHAYA TRIBUNA* on 11 November of this year—Ed.).

Excerpt from RUIE Congress Press Statement

934A0271A Moscow *RABOCHAYA TRIBUNA*
in Russian 17 Nov 92 p 1

[Excerpt from press statement: "Industry Cannot Go into Retirement"]

[Text] The government has made serious blunders and mistakes in carrying out reforms. The gap between the decisions made and the realities of Russia and the unjustified striving to accelerate the transformation without taking into account economic and social consequences have greatly aggravated the situation and put production on the verge of collapsing and the lives of most of the population in poverty. It is becoming more and more obvious that it is necessary to make some corrections in the reforms while preserving the overall course toward an efficient market economy.

The congress of the Russian Union of Industrialists and Entrepreneurs (RUIE), representing a significant share of the industrial and scientific potential of the country, examined and basically supports the program of actions to get the economy of Russia out of the crisis. The main objective is to prevent the further impoverishment of the country, to guarantee worthy living conditions for each citizen, and not to permit mass unemployment. To accomplish this, it is necessary above all to stop the decline in production that has already reached a critical point and not to permit the deindustrialization of the country. Reforms leading to a multiplicity of forms of ownership, to the development of enterprise, and to the formation of a market infrastructure may rely only on the industrial and scientific-technical base already established and undergoing reform. Russian reforms must take into account the economic state and geopolitical position of Russia and be oriented not only toward the experience of developed countries but also national peculiarities and traditions. It is extremely important to restore interstate and interregional economic ties on a new economic basis and not to sacrifice the national economy to political games.

Declaring its support for the course of reforms, the Russian Union of Industrialists and Entrepreneurs is striving for comprehensive interaction with the government and the Supreme Soviet as well as with various political and public associations and is prepared to bear

its share of responsibility for the implementation of the proposed program and the extrication of the country from the crisis.

Industry cannot go into retirement. It must ensure the survivability of the nation and state in the present and increased prosperity in the future.

Anthrax-Contaminated Meat in Tula

9034A0271B Moscow *RABOCHAYA TRIBUNA*
in Russian 17 Nov 92 p 1

[Article by Vladimir Gorodetskiy: "Great Alarm in Tula"]

[Text] The population of a large working city in the very heart of Russia found itself threatened by an epidemic in a matter of just a few hours

Tula Radio reported: meat brought in from "Krasnaya Zarya" Sovkhoz in Teplo-Ogarelskiy Rayon is contaminated with the anthrax pathogen. All of those who bought it are at risk. They declared the strictest quarantine on all farms where they manage livestock. Sanitary and police detachments went out to apartments where the deadly purchase might be.

It all began when the sovkhoz veterinarian, V. Koptsov, suspecting anthrax in a sick heifer and after sending material to a veterinary laboratory for examination, could not think of anything better to do than to toss into his vehicle the chopped up carcasses of a sick and a healthy animal, which, by the way, were kept together, and he took them to the plant "Tochmash" in Tula to sell. But since they did not let his truck in the plant, the veterinarian with the "presents" set out for the apartments of plant workers. They sold the meat cheaply—for 50 to 70 rubles per kilogram—and the people took a pood [16.38 kg] or more at once. They took the rest of the meat to a combine for school catering.

To be sure, further investigations did not confirm the original diagnosis. The animal was infected with a different but no less horrible disease. It gave rise to gas gangrene: test mice perished within three days.

Fortunately, no one had a chance to try the poisoned meat. The search of the medical people and police proceeded quickly. But many people had to be subjected to a medical examination and be given a special vaccine. The outcome would have been especially horrible if they had thought to make canned stew from this meat.

The procurator's office raised criminal charges against the veterinarian. But is he the only one guilty?

Russian Commodities Turnover with CIS Countries Discussed

934A0303A Moscow NEZAVISIMAYA GAZETA
in Russian 15 Nov 92 p 2

[Report by O. Polakev, under the rubric "Integration" place and date not given: "A New Marshall Plan for the CIS: Martin Lis Plus Some Familiar Faces in the Role of Marshall"]

[Text] Russia's commodities turnover with the countries of the CIS [Commonwealth of Independent States] has dropped from one third to one fifth. As of now disintegration has been leading primarily to the rupture of traditionally ineffective economic ties. A tendency has been noted, however, toward the rupture of ties that Russian cannot get along without, even though this is an additional stimulus for its industry seeking to rely on its own forces.

This came up several times at the informal, nongovernmental meeting that began yesterday in Serebryanny Ber under the auspices of the Fund for the Survival and Development of Humanity. The chairman of the board of directors, Academician Velekhov, reminded emissaries from near and distant lands about an analogous meeting of representatives of the European states in 1946 that led to the creation of the European Community.

The best places were given to the representatives from the Russian side—the well-known Volskiy, Vladislavlev, and Khizha—as well as to former ambassador Matlock. Nonetheless, the speech by the Scottish professor Martin Lis, personal advisor to the Chinese premier, was probably the most important. Lis feels that, with regard to the transformation of primarily the financial and monetary-credit spheres of the CIS states, reformers require the closest cooperation.

The only question is how to achieve that.

The meeting participants gave most of their attention to creating a mechanism for self-supporting development. It was decided to form nongovernmental groups (which, let us not be naive, are still going to function under the strict patronage of their governments). The groups will set about drawing up programs to improve power engineering, transportation, and communications. There is a proposal to create subsequently a nongovernmental Committee on CIS Economic Cooperation.

This attractive analogy to the Marshall Plan for the CIS is going to have to be approved by representatives of fully independent states, though. They are scarcely likely to agree on all the problems that concern them. In an exclusive interview with NGG [NEZAVISIMAYA GAZETA], Georgiy Khizha stated: "Russia is ceasing its practice of resolving the economic problems of countries close to it by political means, it costs her way too much."

There is no doubt that the recommendations of Martin Lis will be sensible. However, he is relying here on

people who are quite distant from the entrepreneurs and their current problems. To talk seriously about integration without their participation is, of course, possible and necessary. If you have a lot of time to spare.

International Siberian Development Bank Founded

934A0303B Moscow NEZAVISIMAYA GAZETA
in Russian 17 Nov 92 p 4

[Report; place and date not given: "New Bank"]

[Text] The International Siberian Development Bank has been founded in Krasnoyarsk by the Siberian-American Investment Corporation and the Union of Goods Producers and Entrepreneurs of Krasnoyarsk Krai. At a meeting the founders passed a decision to create the bank to carry out investment, mortgage, clearing, and other operations to satisfy needs for loans and investment.

It is proposed that the bank headquarters in Krasnoyarsk create several branches in Siberia and the Far East, as well as Geneva, Chicago, San Francisco, and Hong Kong. Future plans also include building an international business center with offices and hotels, opening a school to train personnel, and organizing a Siberian airline and international airport.

Decree on Progress in Improving Payment Transactions in National Economy

935D0103A Moscow ROSSIYSKAYA GAZETA
in Russian 13 Nov 92 p 2

[Text of Decree of the Supreme Soviet of the Russian Federation "On the Course of the Performance of the Decree of the Presidium of the Supreme Soviet of the Russian Federation and Government of the Russian Federation from 25 May 1993 'On Urgent Measures to Improve Payment Transactions in the National Economy and to Increase the Responsibility of Enterprises for Their Financial State'"]

[Text] As a result of the measures taken to execute the decree of the Presidium of the Supreme Soviet of the Russian Federation and Government of the Russian Federation "On Urgent Measures to Improve Payment Transactions in the National Economy and to Increase the Responsibility of Enterprises for Their Financial State," the reciprocal indebtedness of state enterprises and organizations has been reduced.

The Government of the Russian Federation and the Central Bank of the Russian Federation did not take prompt measures to improve payments transactions in the national economy and did not provide fully for the implementation of measures in connection with the problem of nonpayments.

The Government of the Russian Federation also did not implement a set of measures to strengthen the financial discipline of state enterprises and organizations.

The problem of nonpayments has not yet been resolved and there is still a threat of a further increase in nonpayments after a reciprocal offsetting of claims.

The question of the regulation of reciprocal accounts of state enterprises and organizations of the Russian Federation with enterprises and organizations of the states participating in the Commonwealth of Independent States has not been fully resolved.

In addition, the Agency for the Management of Debts of State Enterprises under the State Committee of the Russian Federation for the Management of State Property as foreseen by Edict No 730 of the president of the Russian Federation on 1 July 1992 has not yet been established.

In connection with the above-stated, the Supreme Soviet of the Russian Federation decrees:

1. Within 3 weeks of the publication of this decree, the Central Bank of the Russian Federation together with the Government of the Russian Federation should elaborate and present in the established manner to the Supreme Soviet of the Russian Federation proposals on:

- the prevention of an increase in nonpayments and completion of reciprocal settlement of indebtedness of state enterprises and organizations of the Russian Federation;

- the resolution of the problem of reciprocal nonpayments of state enterprises and organizations of the Russian Federation and enterprises and organizations of the states participating in the Commonwealth of Independent States taking into account the necessity of preserving the system of balanced settlements with enterprises and organizations of the states participating in the Commonwealth of Independent States through correspondent bank accounts introduced on 1 July 1992;

- liquidation of state indebtedness to agricultural enterprises of all forms of ownership.

- elaboration of a mechanism for prepayment for output delivered to state reserves by agricultural enterprises of all forms of ownership.

2. Adopt the proposal of the Government of the Russian Federation on the granting of loans in the amount of 35 billion rubles [R] to the Ministry of Finance of the Russian Federation by the Central Bank of the Russian Federation under favorable conditions to cover expenditures for capital construction and for putting facilities into operation in 1992.

3. Propose to the president of the Russian Federation that he present as a legislative initiative draft legislative acts to the Supreme Soviet of the Russian Federation on the questions:

- of the strengthening of state control over the appointment of managers of state enterprises and organizations as well as joint stock companies in which the state has the controlling packet of shares; of the stimulation of the activity of these enterprises, organizations, and joint stock companies aimed at improving profitability by lowering the production cost of output and at an increase in the production of consumer goods and improvement of their quality;

- of the improvement of the system of state control over price setting.

The Government of the Russian Federation should take measures to strengthen the financial discipline of state enterprises and organizations.

4. The Central Bank of the Russian Federation and Ministry of Finance of the Russian Federation should examine the question of the granting of loans amounting to R300 billion to the indicated ministry under favorable conditions for their distribution to state enterprises and organizations to increase working capital.

5. Entrust the Commission on Budget, Plans, Taxes, and Prices of the Soviet of Republics of the Supreme Soviet of the Russian Federation with the monitoring of the execution of the present decree.

[Signed] *Chairman of the Supreme Soviet of the Russian Federation R.I. Khasbulatov*

Moscow, House of the Soviets of Russia

23 October 1992

No 3712-1

Uralmash Plans Conversion into Joint-Stock Company

934A0267A Moscow NEZAVISIMAYA GAZETA in Russian 6 Nov 92 p 4

[Article by Professor Boris Alekhin of the "Russian Securities" Firm: "A Joint-Stock Company Cannot Be Formed Without Help From the Top"]

[Text] In February, the nearly 40,000-member collective of the Ural Heavy Machine Building Plant (UZTM) [Uralmash] elected 38-year-old V.V. Korovin as general director. His program provides for rapid and broad privatization and organizational and technical restructuring in conformity with market demands, as well as modification of the system of management with the aim of decentralizing it. This appears to be a transformation of the branches and individual subunits into subsidiary joint-stock companies with a high degree of working autonomy, although it is subordinated to the requirements of the existing production and technological process. The basic products list is being retained, though it is planned to devote the attention needed to respecializing capacities to turn out consumer goods as well.

The Plant of Plants

The authorized capital of the Uralmash Plant is more than 1 billion rubles [R], but few can compare with its contribution to Russia's industrial development, since it is the leading production association in the machine building complex of the former USSR. The UZTM is an absolute monopoly in the manufacture of development drilling rigs and deep prospecting drilling rigs. It also dominates in the production of other vitally important groups of equipment. Last year it turned out 23.2 percent of the sector's commodity production, it had 25.5 percent of the industrial production personnel, and it was responsible for 19.7 percent of the value of the sector's fixed capital and 20.1 percent of its capital investments.

Up to 80 percent of the hot rolled metal, 90 percent of the sheet metal, 70 percent of the automotive sheet steel, 100 percent of the transformer steel, 100 percent of the railway wheels, 75 percent of the iron ore pellets, and 80 percent of the agglomerate in the USSR were produced on equipment which it manufactured. Blast furnaces equipped with Uralmash machinery produce 70 percent of the cast iron. All the oil and gas wells with a depth of over 2,500 meters are drilled with Uralmash drilling rigs. Up to 80 percent of the operations in the mining and coal sectors of industry are conducted with Uralmash excavators. There is no other enterprise such as this in Russia.

The Uralmash Plant is also a leader in production efficiency. Its basic indicators (labor productivity, output-capital ratio, profit norm, income on investment) have been the highest in the sector. Even now it is one of the few Russian plants capable of competing in the world market. Without exception, all the rolling and agglomeration equipment, the continuous casting machinery, the crushing-grinding and forging and pressing equipment, and the drilling rigs and walking excavators it turns out, which are unique in many respects, are exported to nearly 40 countries.

Management

The principal features of its management style are subordinated to the requirements to provide for the enterprise's smooth operation under the difficult conditions today, which obliges the top management personnel to be energetic and firm in carrying out the decisions made.

At the same time, elements of authoritarianism and haste, which sometimes lead to reconsideration of orders and instructions, are being overlooked. However, collective management, when the promotion of alternatives and free expression of one's opinion is encouraged, is being expanded.

A strong aspect unquestionably is competence and openness in evaluating a state of affairs, the absence of attempts to play to the workers or their individual groups, and a certain courage in making unpopular

decisions which are justified from an economic viewpoint but which have a painful effect on the collective's social conditions.

The rise in prices for credit, raw material, and components, the unreliability of suppliers and purchasers, the shortage of cash, and many other factors of this kind have led to interruptions in production activity. Employment and investments (calculated in real terms), the output-capital ratio, and the working capital have been cut back. The workload of capacities declined from 77 to 42 percent (1987 to the first half of 1992), and the machine shift coefficient dropped from 1.45 percent to 1.03 percent.

The shortage of skilled manpower has become worse. Metal-cutting equipment is idle because of the shortage of machine tool operators. In addition, inflation has undermined its ability to sell its output and pay its bills on schedule. If it were not for the substantial credit granted by the government to replenish its working capital in the summer of 1992, the shutdown of the UZTM would have been unavoidable. But the credit will not be enough for long.

Naturally, the question arises: just how will the "Uralmash" AO [Joint-Stock Company] operate after privatization? Where is that capital market in which it can obtain billions in working rubles? The Uralmash Plant asked that the summer credit be included in its own assets. The Goskomimushchestvo [State Committee on Property] refused. Something else is worse! The state does not want to be bothered with the presale preparation of the enterprises being privatized and the creation of conditions for their future existence. For this reason, the quality of the production base is continuously deteriorating, and hence, the production and technical characteristics of the products turned out in Russia are turning out to be less competitive than before.

So no more than 12 percent of the equipment at the UZTM is advanced equipment. Certain technological processes need to be fundamentally updated. This refers primarily to modernization of the foundry production (shifting to electric furnaces instead of open-hearth furnaces) and the forging and pressing equipment (more extensive use of hydraulic presses). However, the production base has had practically no modernization in recent years because of the lack of investments. And although the UZTM's expenditures on NIOKR [scientific research and experimental design work] continue to increase, their proportion in the receipts from the sale of output is decreasing. And the decline in the science-intensiveness of production is always an alarming symptom.

The current crisis explains the relations with traditional suppliers. For the sake of maintaining the ties that have taken shape, the Uralmash Plant was forced to agree to their price ultimatum, which is weakening its financial stability and forcing it to raise its prices as well. The cost of raw material and components at the beginning of

1992, compared with last December, was 17 times higher; by March, it had risen by 32 times as much, and by mid-June, by 40 times as much (for individual items).

As far as the customers are concerned, by renewing contracts with them for the delivery of products (with an increase in price of two to four times as much in the first quarter of 1992), the UZTM reduced the balance of sales volume only by 66.3 percent in comparison with the same period last year. If it is taken into account that the principal consumers of series output are enterprises in the power engineering and extractive sectors, whose wholesale prices are regulated by the government and whose financial capabilities are now limited, we can boldly say it is inevitable that the problem of sales will be intensified.

The UZTM will maintain the housing development where 184,000 employees live with its own funds. Such extensive social activity is expensive. The losses from investments in this field added up to 13.9 percent of overall profit in 1990 and 29.9 percent in 1991. In the prices of June 1992, they will exceed 55 percent by the end of the year.

The "Uralmash" Joint-Stock Company

In August, the working commission on privatization recommended the first alternative to the labor collective as the lesser of two evils, meaning there is a second alternative as well. The advantage of the first alternative is the favorable prices. But there is also a minus—the preferred stock shares, aptly named "a stone around the enterprise's neck."

Shares such as these are not viable. First of all, they do not rise and fall in price (like normal stocks), and from the standpoint of an increase in capital for its holders it is not attractive. Secondly, there is no voting right, and it is not attractive for investors who want to control the joint-stock company for this reason. And thirdly, they set a fixed amount of work to be done for profit.

In their desire to sugar the pill, the architects of privatization wrote in the Standard Charter for an open joint-stock company that enterprises must pay 15 percent of the net profit in accordance with preferred shares. These are not dividends, but really an additional tax when the shortage of working capital is critical.

Usually the joint-stock companies buy out the preferred stocks (or convert them to common stock). There is no question that many Uralmash employees quickly become disappointed in them when they discover that the lack of a vote means the income yield and potential for these shares to rise in price is extremely poor, and hence, there is little likelihood they can be sold. Moreover, it follows from the Standard Charter that the shareholders are unlikely to wait for fixed dividends, inasmuch as they are not fixed for preferred stock with respect to the price of the stock or the stock itself.

I will note in passing that the idea of conversion was included in the draft of the plan for privatizing the UZTM, but the Goskomimushchestvo turned it down. It is interesting that the "AvtoVAZ" [Volga Automotive Plant] received the right to convert their preferred stock from the president of the Russian Federation. The spread of the idea of converting these shares actually makes it senseless to direct labor collectives to the second preference alternative.

In assisting the UZTM management in matters related to formation of a joint-stock company, the "Russian Securities" Firm recommended that they not attach a great deal of significance to this; after all, in a year or two the board of directors of the "Uralmash" Joint-Stock Company will be able to grant the holders of preferred shares the right to convert them into ordinary voting shares, which will make it possible, by transferring common stock to the Uralmash employees first of all, to form the best possible structure for the authorized capital (in the parts belonging to the labor collective), and by increasing it, along with the voting power of the labor collective. In addition, this will help to improve both the structure of the capital and the financial position of the "Uralmash" AO in the future.

The desire of a sizable number of Uralmash employees to retain a controlling block of stock, it would appear, is making the second alternative more attractive. In this case, the authorized capital consists of common voting stock, 51 percent of which is sold with a coefficient of 1.7 to all employees. This proportion of votes is associated with assured control over the decisions made.

But after all, the first alternative does not prevent anyone from acquiring 51 percent or more of the common stock, either. Simply under different conditions; 10 percent can be purchased at a discount and by installments, and the remainder may be obtained without special preferences, that is, in the securities market. When the authorized capital is over a billion, the price of 51 percent of the common stock amounts to about R900 million in the second alternative, and about R500 million in the first alternative. It should not be thought that absolute control over the "Uralmash" AO can be acquired by spending such immense sums. First of all, a decision on key matters requires consent from the holders of 75 percent—not 51 percent—of the common stock (in accordance with the Standard Charter). Again, all stockholders will never be voting with one voice. For this reason, even in those cases when 51 percent of the votes are sufficient to decide a question, dependence on outside stockholders is certain to arise. And finally: 51 percent turns quite rapidly into 50, 49, 48... For the votes will "leave" the plant with the employees. This is why neither alternatives are linked with the matter of a controlling block of stock.

This is the main point. In order to make use of the potential of privatization, people are needed who agree to bear the heavy burden of responsibility for the fate of the huge enterprise. They face the tremendous risk of

economic failures and loss of business reputation at present. And it should become balanced by the special status of managers among other stockholders of the "Uralmash" AO, which implies increased responsibility in the event of failure, but increased reward with success, providing incentive every hour to raise their competence and energy.

This most important condition is not taken into account in the second alternative. With the first alternative, officials will be able to acquire 5 percent of the shares at the nominal value above those which are subject to sale to members of the labor collective under preferential conditions.

The first alternative won easily.

At the beginning of next year, common stock of the "Uralmash" AO will be put on sale. I advise people to look at it closely. Unfortunately, the joint-stock company will not receive a ruble from the privatization. They have asked for 50 percent for restructuring and environmental protection measures, but the Goskomimushchestvo has refused: this is not piecemeal, they say.

Russian Banking System Threatened by Foreign Competitors

934A0267B Moscow NEZAVISIMAYA GAZETA
in Russian 20 Oct 92 p 2

[Article by Sergey Parkhomenko: "Do the Russian Banks Have About a Year Left to Live?"]

[Text] "The Russian banking system will hold out for 8 or 10 months. A year at best. Resistance is futile. They will overwhelm us..." It is rather strange to hear such statements at the outset from the new generation of leaders in Russian financial circles. After all, they are all children of the first cooperative wave of domestic business, veterans of the almost legendary struggle against "speculating retail and procurement cooperatives" declared by the Lukyanov union parliament and the Ryzhkov government. So they were accustomed to the hothouse conditions of state aid and tutelage, and there was nowhere they could get it. And something really devastating had to happen for the frame of mind which is rapidly spreading among the newly declared bankers today to bear a resemblance to panic.

They perceive this "something" in a two-page document signed on 24 December 1991 by Georgiy Matyukhin, who was then chairman of the Central Bank of the RSFSR:

"GENERAL LICENSE No. 2.

"In conformity with the law of the RSFSR 'On Banks and Banking Activity in the RSFSR,' this general license is issued to LIONSKIY KREDIT [Credit Lyonnais] (ROSSIYA), henceforth called the Bank, for the right to conduct banking operations and transactions in the RSFSR and outside its borders..."

And further—11 paragraphs listing the credit and clearing and other operations which the new bank was given the right to conduct. These 11 paragraphs actually provide for the entire spectrum of activity by a full-fledged and powerful European bank, the complete standard set of services which is normally provided for a client—a physical or legal person—in the West. According to information received by NEZAVISIMAYA GAZETA, this license is one of those that have been "dormant" until now. Now the preparation to open a branch has entered the active stage, and an announcement on the start of operations can be expected in the near future.

The report by a NEZAVISIMAYA GAZETA correspondent on the license issued nearly a year ago turned out to be news to one of the ministers in the Gaydar cabinet who heads the department which deals with many aspects of currency regulation in the country, among other things. News which was not unequivocally pleasant, by the way. The response to a request to assess this decision by the chairman of the Central Bank, whose relations with the current government never have been unclouded, was positive: "What are you saying here? And thank God! Matyukhin is a fine fellow, and it is good that he signed it! There will be at least one decent bank in the country with which a reliable person can do business without fear."

The opposition of interests is assuming the form of opposite world outlooks more and more frequently now: the desire by some to open the doors wide for interventions in the Russian economy by world business, and the demands by others that the authorities provide national free enterprise with reliable legislative protection against incursions from outside. The same kind of conflicts are flaring up in many areas of the republic's economy.

Evidently, we are to witness a particularly fierce struggle in the petroleum sector in the near future, for example. Recently there have been more and more reliable reports that a group of the largest oil corporations in Europe and North America are completing the formation of the "Moscow Pool," which will combine the offices of companies which are interested in developing Russian fuel reserves; it will help them coordinate direct and indirect pressure on the republic's executive and legislative authorities and bring influence to bear on the formation of taxation, pricing, and licensing policy in the Russian Federation in their area of concern. It is understandable that such reports can only make Russian petroleum producers furious.

However, the uniformity of these conflicts is imaginary, all the same. References to competitors' natural hatred for each other and the natural desire of a businessman to want the state—especially the structures that create the laws—to protect his interests are not always sufficient to explain the irreconcilability of their positions. After all, regardless of the depth of the crisis in the petroleum sector of the Russian economy today, for example, talk about the deadly danger for it when Shell or Mobil turn

to the republic market seems to be a gross exaggeration. We need not have serious apprehensions about Russian companies being excluded from the market or being absorbed once and for all by their more powerful rivals. One way or another, this will entail interaction by the "natives" and the "newcomers," even if under rather difficult conditions for the former (even discriminatory conditions in the initial stage, perhaps—the lag in level of technologies, the skills of management personnel, and the financial potential cannot be disregarded).

The situation looks even more alarming in the banking sphere. The warnings about the imminent downfall of Russian financial groups under the ruthless blows of the "interventionist banks" cease to appear hypocritically exaggerated as soon as you realize that the period of development they are now living through is really only their period of infancy.

Strictly speaking, what we have been calling our "commercial banks" should have been called something else thus far—"investment financing companies." Their activity has been limited almost exclusively to short-term credit operations. But this is nothing but simple trade in money—its purchase (from each other, but most often from the state) at wholesale and its sale at retail. Only now, when they have become a little more established, some of these financial groups have the goal of turning into banks, in the true sense of this word. This means shifting the emphasis in their activity to working with depositors' and clients' money. In order to attract funds, they will have to develop the entire multicomponent system of service, which requires the establishment of a far-flung network of branches throughout the country's territory (throughout all the country, otherwise cooperation with a specific bank loses any attractiveness for a private individual), training of numerous personnel, purchases of the most advanced and expensive equipment or production of it with their own resources, the organization of a comprehensive system of communications, and the transfer of all current operations to a computerized base.

Only the very first steps have been taken here at present. Several financial groups, for example, have managed to join the largest world associations which issue the principal credit cards: "Visa," "Eurocard," and "Mastercard." Later on, colossal investments will be required. And time will be required. Throughout this entire "neutral period," the new Russian banks will continue to be practically defenseless against the Western competitors, which are prepared to introduce mass attacks supported by billions in financial potential. The outcome of such a struggle—if it is undertaken at full strength—has been predetermined: they will not permit a national banking system to be formed. And it will have no chance of a second attempt.

The situation is not at all unique, by the way. The experts at Vneshekonombank [Bank for Foreign Economic Relations] which NEZAVISIMAYA GAZETA consulted reminded us of the absolute power of "Credit Lyonnais"

in prerevolutionary Russia, which quickly defeated its Moscow and St. Petersburg competitors in the struggle for customers after the opening of branches here in 1879.

Essentially the opposite precedent was the considered protectionist policy which was followed by the government in postwar Germany. The first newcomers were permitted in the German banking market only when the stage of restoring the national system was behind them, when the leaders (such as Deutschebank or Dresdnerbank) had gained strength again, and the French, British, and American competitors could not deliberately go beyond the establishment of one or two branches, which did not present any danger. This is the state of affairs today as well, by the way: the presence of the largest banks in the old and new world are limited to the operation of single branches outside the territories of their countries.

Nothing like concern for the normal formation of a domestic banking system can be detected in the position of the Russian authorities at present. The chief of the Contract and Legal Administration of the Vneshekonombank, Dmitriy Ivanov, told a NEZAVISIMAYA GAZETA correspondent that the banking laws in the country are "amorphous" and overburdened with "wording that is too general." He noted that admitting foreign banks into the national financial market should be accompanied by "the establishment of a system of strict control and regular auditing checks to ensure the stability of the banking system and protect the depositor from the consequences of a bank's sudden bankruptcy." There are no real opportunities to create such a system in Russia today.

And here we have to return to the license we mentioned. Our attention is drawn to the fact that "Credit Lyonnais," whose high reputation is not questioned by anyone, intends to establish a branch—not an office—in Russia under its own name, which actually possesses the rights of an independent enterprise, a special juridical entity. It is clear that any serious risk connected with a change in the political situation, as an example, and with further complication of the economic situation may force the French financiers to curtail their business just as quickly as they are now starting it. For the sake of clients (not so many initially), no one will want to risk the interest of the "head" corporation of one of the many subsidiary enterprises throughout the world. The reliability and stability which should attract depositors to a new bank first of all—especially private individuals—turn out to be illusory. It turns out that the phrase "They are expanding here, but I live here!" stated vehemently by the leader of one of the Moscow banking groups that are actively protesting the admission of Western competitors in Russia is not entirely devoid of serious, practical meaning.

Finally, there is a purely political aspect to the problem of relations between the two banking systems—the Russian system, which is only being formed, and the Western system, which has matured over two centuries.

At the moment that the next parliamentary and presidential elections cease to be a matter of the distant future, the question of whose bank holds Russian money will not be viewed with indifference at all. No government has managed to protect itself from influence, occasionally decisive influence, from major financial capital. The uncontrolled expansion of large banks will enable them to seize the initiative (possibly once and for all) in forming this capital, together with the initiative of the organization of banking business in the republic.

Today we see the first signs that such an expansion is beginning. It is precisely now, when the slogan "Russian money in a Russian bank" is misunderstood—indeed, simply unheard of—by the republic administration.

Start of Privatization Check Trading Reported

934A0265A Moscow NEZAVISIMAYA GAZETA
in Russian 6 Nov 92 p 4

[Article: "The Specialists Are Trading Vouchers"]

[Text] Trades of privatization checks have begun on the trading floor of the Russian Stock Exchange [RFB]. But they are being carried on only between legal persons who have signed a special agreement with the RFB. The vouchers are being offered in lots of 5-10 pieces.

But, as of 10 November, the RFB will be starting transactions involving securities which have undergone a listing procedure (acceptance for trading). Represented will be shares of "RINAKO" and "Permavia" (Perm Aviation) and commercial bank securities, while, in all, there will be 10 issuing authorities. A special feature is the involvement of specialists protecting their interests, without whose participation a Western stock market cannot function.

Lack of Stock Market Information Decried

934A0265B Moscow NEZAVISIMAYA GAZETA
in Russian 6 Nov 92 p 4

[Article by Sergey Pavlov, the Russian Stock Exchange, under the rubric "Meanwhile": "Privileges in the Stock Market: An Information Shortage for All but a Few"]

[Text] According to the reports of the state organs responsible for the distribution of the checks, the basic supply of them has already been received by the branches of the Savings Bank of Russia. However, the public is claiming the checks at a slow pace since it does not know what to do with them (except for those who have decided to sell immediately).

But November has arrived. And according to the Law "On Privatization," on the basis of Article 18, information about the state and municipal enterprises supposed to be offered for sale through competitive bidding or at auction is supposed to be published in special property fund bulletins (for enterprises with charter capital exceeding 50 million rubles [R])—in the bulletin of the

Russian Federal Property Fund) no later than a month prior to the date for holding competitive bidding, an auction or the issuing of shares for public sale. Thus, considering the fact that, as of December, arrangements for the sale of shares of privatized enterprises will begin, in November, the voucher holders are supposed to have available information about investment objectives.

The first of these bulletins was published in the weekly journal, EKONOMIKA I ZHIZN [Economics and Living], No 43, in a two-page item. Its subscription cost is high—R3,000. The advertised subscription cost for the Moscow Property Fund Bulletin is even higher—R12,000 per year, which the ordinary voucher holder clearly cannot afford. If, in addition, he would like to subscribe to a bulletin for any other regional fund, then the cost of acquiring information for making a decision about investing a privatization check in shares of privatized enterprises increases significantly. Taking this circumstance into account, there is no sense in talking about the participation of the broad masses in the privatization process. A voucher sold without extensive access to information about the course of privatization and its objectives destroys the government-declared goals of the reforms under way, thereby discrediting both them and the government itself.

The creation of the artificial shortage of information is also inflicting harm on the incipient investment funds. In order for them to put together a share portfolio, they need to have information on all stock market objectives. But its increase in cost places in doubt the effectiveness of the operation of these new structures. It can be said unambiguously that whoever decides to exchange vouchers for their shares, cannot count on a more or less optimum dividend. One exception is the Moscow Real Estate Investment Fund, inasmuch as it is the official distributor of the Moscow Property Fund Bulletin. However, the unequal accessibility of information places it in a privileged position with respect to others.

Yet, indeed, only a small portion of the assets from privatization would be sufficient to make these bulletins into publications accessible and useful to the public.

Entrepreneurs, Leaseholders Union President On Need For Landownership

934A0265C Moscow MOSKOVSKAYA PRAVDA
in Russian 22 Oct 92 p 2

[Interview with Pavel Grigoryevich Bunich, president of the Entrepreneurs and Leaseholders Union, by T. Pomelova, under the rubric "On the Path to the Market": "Russia's 'Cherry Orchard' Will Go to Good People"; date and place not given]

[Text] Who should possess the land? It is very likely that, just as acutely as today, this question arose back in 1917. How it was settled then is well known to us. Also known are the subsequent "decisions" (right up to the recent congress of deputies), as well as the fruits which such policies have born. It is not surprising that the problem

of ownership of the land has today become one of the most pressing problems and, again, it is even more impossible to delay its settlement—this is obvious to everyone.

And so, who should be the owner? We put this question and others to P. Bunich, the president of the Entrepreneurs and Leaseholders Union.

[Pomelova] Pavel Grigoryevich, a point of view has now become highly popular, according to which the transfer of land to private ownership is the main step on the path to the reanimation of our economic system and a guarantee of the success of the reforms. Do you share this point of view?

[Bunich] In my opinion, such explicitness is not entirely justified. The economic system, just like all of society, is a unified, linked organism. Indeed, it is impossible to say which is more important: the lungs, the heart or the blood. If we tear out one organ, then the entire complex system dies. So it is also with the economic reform. It cannot be saved by some "main" single step.

If prices had not been freed, then privatization would not have begun—it would also be absurd to talk about transferring the land to private ownership. Likewise, private ownership of the land will not eliminate the production slump in industry. And, without industry's products, it would not be possible for a modern agrarian economy to survive. To put it briefly, everything is interconnected. And it is precisely because the economic system is a unified "fabric" that it is impossible to remove from it its component elements artificially.

Yet, the latter is exactly what is happening with the decision (or more accurately, the indecisiveness) on the matter of ownership of the land. An important link of the reform has been torn out of the chain.

Is the transfer of the land to private ownership a timely step? Not only is it timely, but it is overdue. And we were late back in 1917, when, in fact, they did not give the land to the peasants. We lost a colossal potential and did not realize the mass of opportunities.

It may be that, even now, certain state structures are not ready to render real assistance to beginning farmers, but this is still no reason to abandon a vitally needed measure altogether: even if some limbs are gangrenous, they should not prevent the heart from working.

[Pomelova] You mentioned the fact that the state might not even render appreciable assistance to those who become landowners. Might it not happen that our newborn farmers would be left with one problem after another and get mired down in them unless they receive preferential credits and have a chance to acquire equipment and seeds—and this splendid idea would die by itself?

[Bunich] Undoubtedly it has not been ruled out that assistance on the part of the state might turn out to be minimal. But, in my opinion, this is fine. In such a

situation, I see more positive than negative aspects. Indeed, people will be compelled, economically compelled, to solve their problems independently.

How much is it really possible to rely on the state? We have become accustomed to the idea that the state should and is obligated to help us in everything. It has helped as best it could: the state maternity hospital, the state nursery and kindergarten, the state school and higher education institution. Finally, there is state employment and a state pension. The state has provided for us and thought for us—so we have brains, the main human "working organ," which have even atrophied from inactivity. And they need to be exercised.

If people would turn to one another with the problem of their personal economic survival, they would mobilize themselves, they would flounder at first and creep along, but they would surely pull through in the end. Yes, from such "exercises," they would have constant headaches. But it would be better if they took ill from thinking than from a hangover.

A beginning farmer, in order to tend a farm, needs around 15 million rubles. The state is hardly in a condition to provide immediately all those in need with such large preferential credits. And the entire process of revitalizing a village may stretch out for years. It seems to me that, ideally, no fewer than 10 years are needed for this. But it is necessary to begin. You know, like in the well-known saying: the sooner you start....

[Pomelova] Pavel Grigoryevich, many people now support the idea of holding a referendum on private ownership of land. And even though making predictions is a thankless matter, what, in your view, would be the result of such a referendum?

[Bunich] I would not preclude the possibility that the referendum is somewhat overdue. The fact is that no one and nothing in Russia enjoys such low popularity and complete lack of authority as the Supreme Soviet and the Congress. And so, like them, the people rail at both Yeltsin and the government. They have disappointed the people.

The Supreme Soviet and the Congress understand quite well how society regards them and this is why, in order to please the people, they can forcedly pass a law on private ownership of land. The pressure of public opinion is capable of playing the role of a catalyst and stirring up the imperturbable calm of the "swampy" part of the corps of deputies.

As far as the attitude of the people toward private ownership of land goes, I believe it is unambiguously positive.

[Pomelova] But are the people ready not simply to become the owners of their own plots of land, just like we all became voucher holders, but to actually work on them like you said: putting all their efforts and resources into the farm, thinking only about the fact that it will survive?

[Bunich] I think that those who receive land will basically become real farmers. Of course, there will also be those who will sell it immediately. So be it. Better that than it being no one's. Indeed, there are some who will buy this land most likely not in order to lay out a garden for their lovers. The land needs to go to producers and it is precisely to them that it will go in the end.

It is possible that, at first, quite a few scoundrels will "crop up." Even now there are enough of them: our business for the time being simply has a repulsive "physiognomy." But the majority, undoubtedly, will be normal real farmers.

Why do I talk about this so confidently? First of all, in order to become a farmer, it is necessary to have a store of knowledge incomparable with that which is adequate for a secondhand dealer. A farmer needs to know both agrochemistry and other sciences. It may be that he will even have to take exams on these disciplines. However, a peasant studies his entire lifetime—if he does not do this, his neighbor will leave him behind and here we have a completely different competition that that among the sellers of commercial booths.

Working on the land is generally a more intellectual type of activity than, for example, selling "Pepsi Cola" or champagne in a subway passage.

[Pomelova] Pavel Grigoryevich, in talking about exams for farmers, by this did you mean that land needs to be given out for ownership not to everyone indiscriminately, but rather only to those who are suited to working on it?

[Bunich] As far as the exams go, this matter is a very delicate one. The exams I mentioned will be appropriate in the future. For the time being, a more just variation would be one where the land in the countryside is transferred to the ownership of everyone who wants to take it. There should not be any restrictions. Why, for example, give an aged grandmother 40 hectares of land, which she deliberately would not be able to work and would not begin to work? In order to leave it as an inheritance for a grandchild.

The peasants need to be given land immediately and without charge. To put it briefly, it is necessary to return what was stolen to the descendants of those who in their time were robbed. Indeed, even the Biblical precepts say: what has been taken without payment, give away without charge.

[Pomelova] But will everyone take?

[Bunich] I would like to see the person who declines. Indeed, there is nothing dearer than land. It is possible that, at some stage, we will be unable to avoid the "cherry orchard" syndrome, but, in the end, the land will go to those people who want not to cut down, but rather to plant a new orchard. These are the ones who will become the real farmers.

Parliament Debates Land Privatization

Altukhov Presents Draft Legislation

934A0280A Moscow KOMMERSANT-DAILY
in Russian 3 Nov p 2

[Article by Dmitriy Vokhrintsev: "Parliament Reviews the Principles"]

[Text] The concept of private ownership of land and the buying and selling of land was introduced into the texts of normative documents almost one and a half years ago. However, the question regarding the mechanism for guaranteeing the rights of landowners and converting tracts of land into true marketable commodities has still not been finally resolved. The centers of political authority—parliament, the president and the government—state they are ready to resolve this question prior to the congress, that is, prior to 1 December. The legislative and executive authorities are trying to blame one another for the delay in the adoption of decisions. In this section, I have included materials which illustrate the attitude of the parliamentarians, the vice president and local executive authorities with regard to solving the land question.

Parliament Reviews the Principles

Yesterday, during a separate session of the chambers of the supreme Soviet of Russia, the republic's Soviet adopted the draft law entitled "Principles of Land Legislation of the Russian Federation" following the first reading. During the course of this session, the deputies calmly discussed the private ownership of land, but they refused to recommend that the congress legalize this form of land ownership in the text of the constitution.

The draft law was presented by the deputy chairman of the Committee for Social Development of the Rural Areas, the Agrarian Question and Food Goods of the Supreme Soviet of Russia, Ivan Altukhov. He stated that the draft was supported by the government "as a positive contribution by the Supreme Soviet towards the development of land legislation." Altukhov emphasized that the draft law defines the mechanism for the private buying and selling of tracts of land, while "protecting such operations against speculation and such undesirable consequences as the creation of a monopolistic possession or latifundium." The experts singled out the following as "preventive measures" contained in the draft law: the already well known 10-year moratoriums on the sale of plots, the tax on land sales, the tax on the difference between the purchase and sale price for a plot and also the limitation placed upon the maximum size of a plot.

The moratorium period for the resale of a plot obtained free of charge, according to Altukhov, must finally be determined during the Russian Congress of Deputies, but in any case "it must not slow down the process of turning land over from unskilled hands to skilled ones." Altukhov willingly agreed to examine the reduction in

the proposed period from 10 to 5 years as an amendment to the law. In commenting upon the regional aspect of the land reform, the speaker conjectured that the "introduction of private ownership was not advisable in all areas" and he placed emphasis upon the "important role which the text of the draft bill assigned to Russian Federation subjects." In answering questions raised by the deputies, Altukhov, in the opinion of some of his colleagues, provided excessive detail regarding the text, such that in some areas they wished to function strictly according to the document so that everything would be clear in it. In conclusion, the speaker admitted that the draft law, while "removing from the Russian Parliament the accusation of conservatism," is not solving the overall complex of problems concerned with the redistribution of land, for which an "entire packet of laws is needed."

In the opinion of the deputies, some of the supplements should be introduced into the draft law. In particular, the parliamentarians expressed dissatisfaction with the absence in the draft text of a clear division of authority between the legislative and executive powers in the various areas, in connection with the allotment of the tracts of land. Mention was made of the need for creating a land bank, without which the mortgage law does not pertain. The deputies noted certain "contradictions" in the draft text as it related to adopted laws, including the Constitution and the Federation agreement. However, the deputies decided to remove them finally and directly during the forthcoming congress.

KOMMERSANT's experts noted that the cautious declarations by Altukhov regarding the fact that the introduction of private ownership of land "is not advisable in all areas" were occasioned, judging from all appearances, by an attempt to avoid a confrontation with the opponents of private ownership in the parliament. Such motives prompted the chairman of the republic's soviet, Nikolay Ryabov, when voting upon the draft law, to remove Point 2 of the decree (on introduction into the Constitution of the concept of private ownership of land). It would appear that the more urgent discussions are being postponed until the congress.

Rutskoy Expresses Misgivings

934A0280B Moscow KOMMERSANT-DAILY
in Russian 3 Nov 92 p 2

[Article by Aleksandr Shirayev: "Rutskoy Wishes To Create Land Banks"]

[Text] On 31 October, during a meeting of agrarian leaders in the Kremlin, the vice president of Russia, Aleksandr Rutskoy, expressed his support for multistructured operations in the rural areas. In the process, he criticized the increase in farming and in land auctions.

The government's reliance upon small farms, in the opinion of Rutskoy, is still not justified, since the country lacks the money needed for developing them and transforming them into a worthy replacement for the

kolkhozes and sovkhozes. In this regard, the vice president noted the failure of the present tax and price policies to satisfy the needs and priorities of the Russian agro-industrial complex. In particular, he reminded those in attendance that the deregulation of prices for industrial products, while retaining fixed purchase prices for agricultural products, has already resulted in the ruin of many rather effective farms.

The vice president spoke out rather sharply against the sale of land through auctions as being in conflict with the Constitution. Rutskoy stated that the mechanism for transferring land over to private ownership "must be that of a system of land banks."

Parliament Proceeds Slowly On Land Bank Question

934A0280C Moscow KOMMERSANT-DAILY
in Russian 3 Nov 92 p 2

[Article by Viktor Serov: "But The Parliamentarians Still Are In No Hurry"]

[Text] The discussion of the law concerning a land bank, which was included yesterday in the agenda for the session of the Russian Parliament, has been postponed. The members of the committees of the Supreme Soviet engaged in preparing the document refused to acquaint KOMMERSANT's correspondent with the reasons for this unexpected decision.

Moreover, the parliamentarians are blaming the organs of executive authority for the delay. In the opinion of the deputy chairman of the Committee for the Social Development of Rural Areas, the Agrarian Questions and Food Goods, Vladimir Zakharov, the government and the president have dragged out to an excessive degree the creation of a Russian land bank. In the words of Zakharov, its legal basis was defined in the Law on Land Reform, which was adopted by the parliament in late 1990. During the time that has elapsed, according to Zakharov, neither Boris Yeltsin nor the government undertook those measures expected of them by the Supreme Soviet.

True, as mentioned by observers, the edict of the president entitled "Creation of Land Banks," which was introduced in the parliament last month for approval, was rejected categorically by the deputies. Moreover, they referred to its "inadequate preparation in connection with the evaluation and buying and selling of land." According to KOMMERSANT's experts, the parliament thus demonstrated that although it is in no hurry to resolve the land bank question, it still does not wish to yield this right to the president.

Rutskoy Role in Agricultural Reform**Rutskoy Says Right To Land Ensured**

934A0268A Moscow NEZAVISIMAYA GAZETA
in Russian 3 Nov 92 p 2

[Article by Yelena Tregubova: "Aleksandr Rutskoy Considers the Right to Land Already Ensured: But Yuriy Chernichenko Is Certain That 'Nobody Will Roll in the Hay With the Elephant'"]

[Text] A "crocodile"—this is how Aleksandr Rutskoy called the agrarian reform development program prepared by the Ministry of Agriculture. In the sense that it belongs in the KROKODIL magazine, the vice president clarified.

Having convened another conference on agrarian issues in his Kremlin office, "the one personally responsible for agriculture" (as Rutskoy proudly calls himself) said that the creation of private farms and the "destruction" of the state sector should not under any circumstances be the program's "priority," since, "one way or the other the existing economic forms have been feeding the people." Moreover, in the vice president's words, Germany, France, Canada, and many other great powers achieved their current prosperity only thanks to exports from the Soviet Union.

Reporting next that today "tomato losses" in storage, transportation, and processing amount to 80 percent, the vice president defined his basic priorities: to cut exports and pay serious attention to the business of vegetable storage.

Aleksandr Vladimirovich's new responsibility—combating crime—should be of substantial help in saving produce: "Only now am I learning what certain structures are up to in this... while we wonder where the produced output goes."

As to the right to land, the vice president sees it as the right to freely dispose of the products of one's labor, but not in any way as the right to sell or buy land; therefore, he considers the statute in the current Constitution quite sufficient, and the calls to hold a referendum on land—a "distraction."

Those present agreed with Rutskoy and decided to create a "task force—brain trust" that will develop its own program of agrarian reform taking into account the aforementioned nuances. Mikhail Lapshin, leader of the Agrarian Union parliamentary faction, went even further in his support of the vice president: "Our laws are the most advanced in the world: We give the land away free to anyone who wants it."

The commentary by Yuriy Chernichenko, who attended the Kremlin agrarian council, contained—much like the vice president's speech—zoological epithets: "They were saying here that everything is already guaranteed in the Constitution, that there is a law on private ownership of land. The point is, who is going to roll in the hay with

him, this elephant?! It is great that certain people are strongly sensing the danger of being pecked in the behind. This danger is the referendum. Because it is going to hit them like a cement mixer on a certain part of their anatomy. That is why they are screaming wildly: We do not need a referendum, we have everything. The elephant has everything. But he cannot realize anything; he is tied down, and that is it. Until land can be sold, bought, or mortgaged, everything remains in the tight-fisted hands of the nomenklatura. For all practical purposes the land remains in the hands of those who have always had it."

**Rutskoy Says Government Agrarian Plan
'Inappropriate'**

934A0268B Moscow KOMSOMOLSKAYA PRAVDA
in Russian 4 Nov 92 p 2

[Article by Ye. Arakelyan: "The Inedible Program: The Vice President Does Not Like the New Government Plan for Agricultural Reform"]

[Text] A few days ago Vice President A. Rutskoy made a discovery: The agrarian reform, it seems, must be aimed at producing enough food in our country. In A. Rutskoy's opinion the agrarian part of the government program of intensification of the reform is completely inappropriate for meeting this particular goal. Which the vice president announced at the conference on agrarian reform held last Saturday. Blasting the government program, Rutskoy elaborated his vision of agricultural reform, which he suggested be used as a basis for speedily putting together a new program. Quite possibly Rutskoy's concept is not bad. Except for one point. There have already been 11 versions of the reform program since the beginning of 1992.

Meanwhile, as some are writing programs, others are criticizing them, and still others trying to find out what agriculture is for and what private property is, this same agriculture is quietly collapsing. The production of meat and milk has declined even in comparison with last year (meat—by 22 percent, milk—by 17 percent); there is again not enough fodder laid in; and more cattle are being slaughtered than ever. This is all built in. One can hardly consider normal a situation whereby it is more profitable for a farm to pour the milk in a ditch next to the farm than to transport it to the market (the income will not even cover the cost of gasoline). So the peasants act in accordance with the situation. They are not selling grain to government stocks: Although the grain harvest was quite good—106 million tonnes—little more than 20 million tonnes have been procured for state stocks (approximately 75 percent of mandatory delivery targets).

Rutskoy Interviewed on His Program

934A0268C Moscow *RABOCHAYA TRIBUNA*
in Russian 11 Nov 92 p 1

[Interview with Vice President A. Rutskoy by *RABOCHAYA TRIBUNA* correspondent Aleksandr Krotkov, date and place not given: "Aleksandr Rutskoy: I Hope for a Coalition Government"]

[Text] For many people the sharp criticism that came a few days ago from Aleksandr Rutskoy with respect to the agrarian reform development program prepared by Gaydar's team brought back to mind the question: How ethical is it for a vice president to take an opposition stance with respect to the people, on whom his boss continues to rely? Our correspondent posed this question to Aleksandr Vladimirovich himself.

"I am not in opposition to either the president or the acting prime minister," he replied. "I have said many times before and can repeat it again: I am willing to cooperate closely with Gaydar on those occasions when his team carefully calculates its economic decisions and the feasibility of their implementation rather than acting on the 'hurrah, here we come' principle. This document we are talking about, if I may say so, does not contain, I beg your pardon, anything other than general calls for the privatization of land. The only thing missing at the end, to complete the impression, is the word 'Hurrah!'"

"Take, for instance, this contention: In order to provide enough food for Russia, they say, we need a million farmers. Why a million rather than two million or 500,000?"

[Krotkov] Are you against the expansion of private farming in agriculture?

[Rutskoy] I am against catchy, unsubstantiated numbers. For instance, the government announces with great fanfare that it intends to allocate 122 billion rubles [R] to support the farmers. If we divide this amount, however, by 152,000 Russian farmers, it will come to less than R1 million for each. Meanwhile, according to the most modest estimates, the "start-up capital" a farmer would need at the current price level is R30-40 million.

[Krotkov] But, Aleksandr Vladimirovich, the state does not have this kind of money today, and will not in a foreseeable future. At least it is willing to give them a million each.

[Rutskoy] Right; if they continue to engage in their overly optimistic projections, we will never have any money at all. If we consider everything carefully, though, identify the bottlenecks and the **real** ways for liquidating them, we could save tremendous amounts right away.

It is no secret to anyone that we lose almost half of the harvest in storage and processing. Which is not surprising, since the wear and tear of capital assets in the processing industry is approaching 90 percent. The solution? Provide incentives, for instance, for enterprises

undergoing conversion to manufacture small (appropriate for farm size) lines for vegetable, fruit, and grain processing.

[Krotkov] I can make a guess what objections Gaydar may have to this proposal. Rutskoy is trying again, he will say, to treat the symptoms rather than the disease itself; instead of thinking how to get the producer and the processor interested in modernizing capital assets at their own initiative, he is thinking about how to push through by administrative fiat another modernization, of which there were an uncountable multitude over the decades of Soviet power. And none of them was a success.

[Rutskoy] First, I am not talking about an administrative fiat. I repeat: We need to **provide incentives** for the producer. Second, I do not consider modernization of the processing industry a panacea for all our troubles. Actually, the main thrust of my activities during the last half a year (since I was put in charge of agriculture by imperial edict) was the development of documentation on the Land Bank of Russia.

I am deeply convinced that this bank, if its work is organized on a civilized basis will make it possible to not simply distribute land to the people but also provide an incentive for them to become industrious masters of it.

Many formerly implacable supporters of state property have by now understood its advantages, and are demanding that this system be introduced as soon as possible—before people who have nothing to do with agriculture make off with the best arable land.

[Krotkov] So why the delay? Or are there some who do not like the idea of such a bank?

[Rutskoy] Do not like is a mild way to put it. For those who are stealing land, those bureaucrats from local soviets who rake in with spades bribes for selling land right and left, such a bank is like a knife in the heart. How else can one explain that all our attempts to have our package of documents on agrarian reform—including the land bank—adopted by the Supreme Soviet and the government have run into a brick wall.

[Krotkov] So what are you counting on now?

[Rutskoy] In short—on a coalition government.

Data on Kolkhoz, Sovkhoz Reorganization

934A0289A Moscow *SELSKAYA ZHIZN* in Russian
13 Nov 92 p 5

[Article by B. Lesik: "Goskomstat of Russia Reports: It Was A Kolkhoz, It Became..."]

[Text] As is known, in accordance with the edict of the president of the Russian Federation "On Urgent Measures on the Implementation of Land Reform in the

RSFSR," all kolkhozes and sovkhozes must be reregistered and reorganized into new economic forms. The edict evoked an ambiguous reaction in the localities. In the course of the reform, life made some important adjustments. But, as people like to put it now, the process went ahead. And a very curious one it was.

According to data of the State Committee for Statistics [Goskomstat], only 10,600 kolkhozes and sovkhozes, or 42 percent of the total number, were reregistered in nine months. Moreover, the collectives of 4,515 farms refused any kind of serious reorganization, deciding to maintain the status of their own enterprise. At first this fact was interpreted by some reformers as "a mutiny on board ship," but afterwards the logic of the development of events convinced them that haste in such a complex process as land reform was out of place and that breaking everyone and everything was unreasonable. Even this reassuring statement was heard from the government and the president: "No one is kicking anyone out. Can you work in the old capacity? Then work!"

But what about those farms that decided to take advantage of "freedom?" More than 300 joint-stock companies of the open type, more than 3,770 different associations, more than 600 agricultural cooperatives, and more than 27,000 farming units were established on their basis. Almost 300 kolkhozes and sovkhozes were reorganized into subsidiary farms of enterprises and organizations.

An interesting picture is forming according to zones of Russia. The most active process of reregistration (65-80 percent) is occurring in Chelyabinsk, Belgorod, Saratov, Penza, Irkutsk, Kemerovo, and Amur Oblasts, and also in the Republics of Sakha and Buryatia. But for various reasons there is no hurry in Kirov, Lipetsk, Orenburg, Novosibirsk, Omsk, and Tyumen Oblasts. Less than 20 percent of the kolkhozes and sovkhozes have undergone reregistration here.

This fact also prompts serious reflection. Almost two-thirds of reregistered farms retained their status in Bashkortostan, Tuva, Kalmykia, Irkutsk, Kemerovo, and Kursk Oblasts. But Tatarstan and Dagestan remain an "unassailable citadel" of the kolkhoz-sovkhoz system (97-93 percent).

Unquestionably, interest in the so-called farmerization of agriculture in Russia is not waning. Especially since the signals coming from the localities show a situation that is getting more complicated and difficulties in the work of peasant farms. Goskomstat data state that 3,300 farmers have already refused land because of a worsening financial situation, a lack of material-technical resources, and other reasons. From 140 to 200 farms have stopped their activity in Saratov and Kemerovo Oblasts and Krasnodarskiy Kray, as have 80 to 130 in Tula, Voronezh, Kursk, Volgograd, Kurgan, Orenburg, Perm, and Chelyabinsk Oblasts and Krasnoyarskiy and Primorskiy Krays.

However, the certain delay in the process of organizing peasant (farmer-run) farms in the summer period changed in September with a noticeable increase in their number. This month almost 10,000 such farms were established (in June—7,000, in July and August—6,000 each).

By 1 October 1992 the total number of farmers was 148,700, owning 6.3 million hectares of land (on average 42 hectares per farm). In addition, in the northern regions 66 reindeerbreeding farms (on an area of 13.5 million hectares of land), 3 horsebreeding farms (59,000 hectares), and 13 hunting and trapping trade farms (709,000 hectares) are operating.

The greatest increase in peasant farms was noted in Samarskiy Oblast (1,200 hectares), Krasnodarskiy Kray (900), and Volgograd and Tambov Oblasts and Stavropolskiy Kray (400-500 each).

The process for allocating land for the purpose of establishing farms to servicemen discharged into the reserve has started. By 1 October a little more than 500 were registered with a land area of 16,400 hectares (an average of 32 hectares each). At the present time in Leningrad Oblast the number of soldier-farmers is 52, in Novgorod, Kaluga, Smolensk, Voronezh, Tambov, and Volgograd Oblasts and Primorskiy kray—20-30 each.

There is every reason to believe that the number of farming units established by servicemen will grow.

Rutskoy Interviewed on Agriculture Issues

934A0289B Moscow SELSKAYA ZHIZN in Russian
20 Nov 92 p 1

[Interview with A. Rutskoy, vice president of the Russian Federation, by Z. Milman in Irkutsk Oblast; date not given: "'Russia Is Great, But the Questions Everywhere Are the Same': This Is What A. Rutskoy Told a SELSKAYA ZHIZN Correspondent While Summing Up the Results of His Trip to the Eastern Rayons of the Country"]

[Text]

[Rutskoy] Well, let us say that everywhere people are similarly indignant over the arbitrariness of the banks, which "turn money around" every half year, receiving solid dividends in the process. At the same time, enterprises cannot settle their accounts with each other. The discussion, I believe, should be unequivocal: The bank delayed the money—let it pay 120 percent for each month! This is accepted in the whole world, not to mention the fact that a bank that respects itself will not permit even a day's delay.

[Milman] The seventh congress is almost here. The third government since the beginning of perestroika is operating. But the question is an old one: How do we get out of the crisis?

[Rutskoy] That is why I assert: It is not a change in government that is necessary but a serious adjustment in economic policy, a change in priorities. Minister of Agriculture B. Khlystun reported at the session on the creation in 1993 of 1 million owner-operated farms. And he called this an intensification of reforms. But perhaps it is more correct to call it an intensification of the crisis? I am for the farmer. But no matter what, he will say: "Give!" Forty million rubles will be required for the establishment of a normal commodity farm in 1993. This means—give R40 trillion. Will the government have such resources? No. At the same time we are continuing to develop the American farmer. We bought vegetable oil for \$607 million and apples for \$107 million.

The tank plant in Omsk prepared documentation for the output of tractors of the Belarus type with all mounted equipment—all that was necessary was to find 60 million German marks for the technological line. We cannot find them! And the documents have been "meandering" across the tables of government officials for four months. On the other hand, we find hard currency for mini-tractors. But for this, excuse me, you have to have mini-brains: Why does the farmer need a mini-tractor? He needs normal equipment.

A million signatures have been collected for a referendum on land. Is this the main question? Perhaps this may be so for people from the urban areas of asphalt and parquet floors. But I do not think that even 20 percent of the signatories were rural residents.

Today, all our forces have to be applied to a reduction of losses—this is where our reserves are. It is high time to inculcate the advance system instead of crushing credits which—the question will come up soon—the government will once again be compelled to forgive the village: After all, it has nothing to make payments with!

[Milman] Peasants who are feeling driven into a dead end are establishing their own Agrarian Party.

[Rutskoy] This is good. I have always been for a multi-party system. The program of the Agrarian Party is constructive political support of the village. The main thing now is that it is implemented in a civilized way. We are obliged, with the help of all sound forces, to stabilize the political and economic situation in the country.

Lapshin Interviewed On Agrarian Party, Agrarian Union

934A0281A Moscow SELSKAYA ZHIZN in Russian
13 Nov 92 pp 1-2

[Interview with Mikhail Ivanovich Lapshin, people's deputy of the Russian Federation and chairman of the Agrarian Union parliamentary faction, by Konstantin Shcheglov]

[Text] "Land And Freedom." These two words—since ancient times the dream of generations of long-suffering

peasants—define, to put it briefly, the content of the program of the Agrarian Party of Russia. The sponsor of its creation was people's deputy to the Russian Federation and chairman of the parliamentary faction of the "Agrarian Union," Mikhail Ivanovich Lapshin. On the eve of the November holidays, a political correspondent of SELSKAYA ZHIZN visited the sovkhoz headed by him (now a joint-stock enterprise), the "Zavety Lenina" Sovkhoz in Stulinskiy Rayon in Moscow Oblast, and asked him to reply to some questions prompted by mail sent in by readers.

[Shcheglov] How and why did the thought arise concerning the creation of a new party? Indeed, one such party—the Peasant Party—already exists in Russia.

[Lapshin] Let us immediately make it clear that the so-called Peasant Party of Russia includes very few people who are interested in the land, that it brings together under its banner not farmers but rather individuals who were born and have lived their entire lives on asphalt and that it tried in the past and is doing so especially today to drive some sense into the peasants.

With regard to our party, the idea behind its creation was prompted by life itself. Today's actions associated with the peasant protest have convincingly shown how isolated the Russian peasantry really is. Yes, the trade union for workers attached to the agro-industrial complex includes 15 million individuals. Its potential is indeed great. But this is true mainly in those areas where the agricultural workers uphold the economic requirements. Alas, in the final analysis they are dependent upon solutions being achieved for the political questions and for the question of authority. All summer, the agrarian leaders haunted the governmental thresholds as they attempted to meet with the prime minister. Finally the powers that be listened to the persistent demands from the countryside and in late October such a meeting was arranged. What resulted from this meeting? Absolutely nothing.

And each question is more complicated than the next one. The fate of the land, reorganization of the countryside, the entire tenor of life for the peasantry and finally survivability. Who can help the peasants in coping with these questions and in understanding and comprehending that which is taking place. Who will defend their interests and what forces must be placed at risk? At the top of the pyramid of power, it is well known that such forces are not available today.

We are dependent upon extensive support. The Agrarian Party is prepared to assume an organizational role as well as the role of protector of the Russian peasantry.

[Shcheglov] And what about the Agrarian Union of Russia? In such a case, what role will be assigned to it?

[Lapshin] This is not a political but rather a social organization and, distinct from a party, it lacks the legislative basis for fighting for authority. At one time, this union was simply not permitted to register as a

political organization. Thus membership in it is not only on an individual basis. To the contrary, the plans even allow for entry into the union of entire collectives.

We are concealing nothing: in the interests of the peasants and all people, the Agrarian Party, as a parliamentary party, will fight for authority using the constitutional method exclusively. This is why, just as in any other political organization, membership in it is on an individual basis and acceptance—only on the basis of personal statements.

It bears mentioning that peasant parties are actively functioning in many developed countries. They have their own base. The governments deal with them.

[Shcheglov] Mikhail Ivanovich, before probing more deeply into purely organizational questions, could you not tell us briefly about the program for the newly created party?

[Lapshin] The principal political goals of the party—persistent work aimed at the revival of and prosperity for the Russian countryside and development of the agro-industrial complex such that rather than impoverishment there will be growth in national well-being: full implementation of the political, civil and economic rights of the peasantry and workers in all spheres of the agrarian sector. This implies, beyond any doubt, their full-scale representation in all political institutions, including state administration. The party intends to fight for the building of a legal democratic state and for parliamentary administration of it.

Among the economic tasks, the following are singled out first of all: efficient use of the agricultural potential for satisfying the population's requirements for food goods and those of industry for raw materials, overcoming the alienation of peasants from the means of production, from land and from the products produced by them and the transfer of lands free of charge to ownership by those who are working on those lands rather than the buying and selling of land.

At the same time, we recognize the legality in land relationships of state, cooperative, collective, collective-share, private and other forms of ownership and we support a variety of independent forms of land management. However, the party will decisively oppose any intrusion upon these forms apart from the determination and desire of the manufacturers themselves. With the aid of parliamentary levers and economic and other measures, we intend to achieve price parity for industrial and agricultural products and to obtain a reduction, and, in some instances, the complete abolishment, of the tax rates for the period devoted to the establishment of the manufacturers.

The specific goals and programs were defined also in the sphere of social reorganization of the rural areas and ecology, in improving the role played by the agricultural science and in the development of culture and everyday life, particularly the revival of the spiritual, moral-ethical

and psychological principles inherent in the peasantry. This is why our party is open for teachers, doctors, agrarian scientists and workers attached to the processing branches.

[Shcheglov] It would seem that today not only are the latter of these principles collapsing, but indeed the countryside itself and agriculture on the whole are on the verge of disaster. Moreover, land is the last wealth of a peasant—and now we are encountering unrestrained buying and selling.

[Lapshin] This is happening. And here the peasantry must proceed slowly, while not having to wait for the organizational development of the party. This is particularly true in view of the fact that a legal basis exists for protecting land from such encroachments. In addition to the constitution and also decrees of the Supreme Soviet and laws of the Russian Federation that have been adopted within the last one and a half years, there are also the presidential edicts No. 323 of 27 December "On Urgent Measures for Implementing Land Reform in the RSFSR" and No. 213 of 2 March 1992 "On a System for Establishing the Norms for the Free Transfer of Plots of Land to Citizen Ownership," in which the mechanism for allotting land is set forth. After justifying and submitting the appropriate requests, all collective farms must reformulate their documents for the right to land ownership prior to 1 January of next year. If this is not done, the peasantry would find themselves on their own land on the very next day. This is precisely ownership and not a lease! Cooperative, collective-share, private, but ownership. Lease relationships are unreliable: today's price for a lease may soar tomorrow to a great height. You may be sure: today's businessmen have already devised and are still devising thousands of methods for acquiring land through lawsuits not only from kolkhozes but also from farmers.

Search for the above-mentioned legislative and normative documents, study them and, without postponing the work for one minute, hand down a decision during group meetings on the form for land ownership. In the process, overcome all resistance and prepare a state document on ownership. If this is not done, no collective protest actions will be of assistance to a land-breadwinner.

[Shcheglov] Is it not true, Mikhail Ivanovich, that in the battle for price parity for industrial and agricultural products and for carrying out the other requirements of the all-Russian meeting of representatives of the agro-industrial complex and the Agrarian Union of Russia, these actions lost some of their force? Why have they recently faded away?

[Lapshin] This question is also being addressed to us and to the members of the Coordination Council for collective actions by APK [agro-industrial complex] workers in the various areas. What can we say in reply? First of all, it is hoped that there will be a meeting with the prime minister and, secondly, no results will be forthcoming

from the actions. The government knows that no organized political force is of value for the Coordination Council. Thus it shares with a peasant everything that suits him.

This summer and our entire life have convincingly proven: the methods employed by the peasantry have produced nothing. If this is so, the following must be united in a party—political kulaks, kolkhoz members, sovkhoz workers, peasant-cooperators and farmers. Only if this is done will we be able to count upon responsive governmental measures which will alleviate their burdensome fate.

It should be stated directly: the peasants themselves reached a point where they drew the same conclusion. This is why whereas during this past spring they did not wish to hear about parties, today the discussion has taken another turn entirely. Moreover, with the same people as were involved during the spring. Tell us, they ask, how should we function and how should we live in the future?

[Shcheglov] And truly, how to function? To put it mildly, it is not often that primary party cells are created in villages and rural areas. Yes and the party also.

[Lapshin] We began with the creation of primary party organizations in the various areas. Industrious groups and organizational committees were created to direct this work in villages, settlements and rayon centers. Subsequently there were rayon and oblast constituent conferences and in late November—the All-Russian Constituent Party Congress. I would like to emphasize in particular that we did not favor immediately its mass character. Initially, importance was attached to creating a militant nucleus for the party. And only later, while conducting its constituent congress and having registered as a party, did we consider attracting broad layers of the peasantry into its ranks.

For all who remain indifferent to today's discussion, I offer the address of the organizational committee of the newly created party: 107802, GSP-V, Moscow, Orlikov Street, 2. Telephones: 208-58-20, 204-41-04, 204-46-91.

Poll Surveys Sources of Personal Income

934C0355A Moscow ARGUMENTY I FAKTY
in Russian No 45, Nov 92 p 1

[Unattributed report: "ARGUMENTY I FAKTY Poll"]

[Text] On assignment from the weekly ARGUMENTY I FAKTY, the Independent Information Agency "Information. Computers. Statistics." (NIKA "IKS") conducted a sociological poll of the population of Russia with questions formulated by the editorial staff. The poll was done with the NIKA "IKS" respondents' network.

The results are given in percentages of the overall number of ARGUMENTY I FAKTY readers questioned.

In addition to wages from your main job, do you have any other sources of income?

Yes, I do—29.0

No, I do not—71.0

Given a choice between work at a private enterprise and a state one, which would you prefer?

Private enterprise—41.5

State enterprise—30.0

Undecided—28.5

Do you have foreign currency (in the bank, invested, in cash)?

Yes—2.5

No—97.5

Do you have a plot of land on which you can grow potatoes and other vegetables?

Yes—52.5

No—47.5

If you wished, do you have enough money?

To open your own business—1.5

For privatization of your housing—10.5

For acquisition of real estate (land, buildings, etc.)—1.0

For buying shares and securities—3.5

Not enough money—68.5

No desire—6.5

Undecided—8.5

Do you believe in a life hereafter?

Inclined to say yes—21.5

Inclined to say no—50.5

Undecided—28.0

Agriculture Minister on Cattle Slaughter

934C0355B Moscow ARGUMENTY I FAKTY
in Russian No 45, Nov 92 p 4

[Report on interview with Russian Federation Minister of Agriculture V. Khlystun by correspondent V. Voronetskiy; place and date not given; published under the rubric "Specialist's Commentary": "Do Not Be in a Hurry To Slaughter the Cow"]

[Text] Mass slaughter of livestock is in progress in Russia. The unbalanced prices and the shortage of feed right before winter are forcing peasants to curtail animal

husbandry. This is the subject of letters to the ARGUMENTY I FAKTY editors from readers in Tver and Novgorod Oblasts, Altay Kray, and other regions of Russia. Is there any hope of saving the branch from complete collapse?—the writers of the letters ask.

Here is what our correspondent was told in response to this question by Minister of Agriculture of the Russian Federation V. Khlystun.

The reduction of the number of livestock before the beginning of the winter season is a typical phenomenon in and of itself. But the situation this year is still qualitatively different from in past years and that is why it is alarming: Highly productive livestock and the reproduction herd are now being slaughtered. We are at the critical point, beyond which it will be difficult to make up for losses and the future of the entire branch is threatened.

The reasons for the situation that has been created are quite understandable. While in September we received for grain at least 70 percent of world prices, for meat the price was one-tenth of the world level. Animal husbandry today basically produces a loss for the peasants.

The second reason is the shortage of feeds. The provision of them for Russian animal husbandry for winter is 10 percent less than last year and 30 percent less than what they need.

Nonetheless it is quite realistic not only to keep the branch from total collapse but also to provide for its considerable growth if the measures proposed by the Ministry of Agriculture are carried out.

In particular, a subsidy has been established for keeping one head of cattle in the overall amount of 14,000 rubles [R] per year. Buyers of reproductive cattle will also be subsidized in the amount of R34 per kilogram of live weight.

There is to be a 50-percent subsidy of the cost of shipping feeds to regions where the situation is the most difficult.

Production of concentrated feeds is being increased in order to compensate for the shortage of coarse and juicy feeds.

We are placing great hopes in antimonopoly measures. If they do not reduce prices for resources for agriculture, they should at least stabilize them.

It is apparently impossible to avoid higher procurement prices and hence higher retail prices for animal husbandry products. It is not normal when a bottle of milk costs less than a bottle of mineral water.

We are confident that all the necessary measures will be taken and next year animal husbandry will change from a branch operating at a loss to a profitable one. I want to advise the peasants not to be in a hurry to reduce the

number of head of livestock. Whoever preserves animal husbandry today will undoubtedly stand to gain tomorrow.

Firm Answers Allegations of Wrongdoing

934C0355C Moscow ARGUMENTY I FAKTY
in Russian No 45, Nov 92 p 4

[Response to reader's letter from the Germes press service: "Germes' Black Gold"]

[Text] *In the press and on the radio there are periodic reports that Germes is illegally selling millions of tonnes of oil abroad. Moreover, there have recently been rumors about certain transactions which Germes is conducting with vouchers and contracts for "Black Gold" and about the sale of its shares for hard currency. We would like to know more details*

[Signed] Yu. Vershinin, Germes stockholder

The editorial staff has received several letters like this, mainly from Tyumen Oblast but not only from there. Here is a brief response from the firm's press service.

Germes has not sold a single drop of its oil outside the CIS. Petroleum products are indeed advantageous for Russia. Germes renders assistance to oil producers every way it can—with credits, commodities, and searching for advantageous buyers of oil. That is to everyone's advantage. Our documentation has been examined repeatedly by representatives of the power structures. Our hands are clean. We are engaging in business, not swindling. The intensive sale of our shares to the population is leading to a situation where the firm goes public and its property belongs to many citizens of Russia. Figures from foreign experts have been leaked to the press, according to which the value of shares in the NTTs [Center for Science and Technology] "Germes i K" by 1999, the year Nostradamus named as the year of Hermes, will be \$200,000-\$300,000. But these calculations are based on information about the firm's current property and do not take into account its rates of development. We always sell our shares only at their real price to foreigners.

We are well aware of cases of squandering oil. Since last year we have been persistently proving and writing that the only effective way of stopping the disgraces is creating joint-stock companies in the petroleum branch and making a considerable number of the population, including bureaucrats, into its owners, who will not be able to think and act like the underclass. Unfortunately, the model for the creation of joint-stock companies which the Ministry of the Fuel and Energy Industry is now trying to realize could impede the development of the petroleum industry for several years.

As for vouchers, so far we are the only ones who exchange shares for vouchers under extremely beneficial conditions. After we receive the number of privatization checks we need, of course, we will not sell off our shares so cheaply. Although this is just a temporary active game

based on the increase in the exchange rate for vouchers, it works to the advantage of all the population.

Contracts for future deliveries of oil and petroleum products are so necessary both to buyers (for they make it possible at least to plan something, to buy products at the lowest prices) and especially to the producers (money now, products in six months or a year), that there is no need to give further proof. Specialists have already written a great deal about contracts as the most advantageous form of investment and protection of the population's money today, providing 100 percent annual income and the possibility of using the money at the first demand. Perhaps this is the only means of curbing inflation at the present time.

Status of FITUR-Government Talks Assessed

934A0295A Moscow TRUD in Russian 19 Nov 92 p 1

[Interview with Pavel Kudyukin, deputy minister of labor, and Arkadiy Solovyev, secretary of the FITUR council, by Albert Kozlov, TRUD correspondent: "Nearing the Home Stretch"]

[Text] Trade union demands have been discussed for almost a month by the bilateral FITUR-Government of the Russian Federation commission. What is in store? Albert Kozlov, a TRUD correspondent, raised this question with the chairmen of the negotiating parties.

Pavel KUDYUKIN, Deputy Minister of Labor:

It is necessary first to give an assessment of the demands of FITUR [Federation of Independent Trade Unions of Russia]. The leaders of this federation repeatedly emphasized that their demands, supported by the actions of 24 October, are not of a political nature. This would be the case if they spoke only in behalf of the members of their own trade unions. However, the FITUR representatives note that they are defending the interests of "hired labor" and the "interests of the individual worker"; that is, of all workers of Russia. But this already is an attempt to establish their own federation in a special position among other trade union associations with respect to the government. Already this is politics.

Incidentally, within the framework of the trilateral commission (the government-employers-trade unions), the FITUR is only one of many representatives of trade union participants of this commission. Apparently, this kind of common status oppresses its leaders. They, like their predecessors from the GCTU [General Confederation of Trade Unions], also want to have a special position under the authorities, and this is the reason for their games and attempts to pick up this position.

We long ago directed attention to the fact that FITUR is not able to work at the level of enterprises and employers. Instead of mobilizing their members for careful work "below," and to help labor collectives resolve their problems, the trade union center chose

another practice—actions, rallies, declarations, and demands. FITUR criticizes everything that the government proposes, and it makes endless demands.

Even in those cases when the federation proposes something, there is almost no constructiveness nor an objective argument in its position: "to adopt measures" and to "show support," etc. The main thing in the position is—give!

For example, on the question of revising the minimum wage in connection with the growth in prices, FITUR demands that it be set at the level of 4,000 rubles [R]. We agree that the present sum does not correspond to the people's cost of living index and that the minimum wage has to be increased. Of course, it would not be bad to raise it to R4,000, and, maybe, even higher. But is such a sharp jump in wages realistic today?

We explain to the FITUR leaders that there will be serious negative consequences from such a step. However, they reiterate their position in response to our arguments and calculations: We demand... A mechanical increase in wages will lead to the fact that enterprises will not be able to get money anywhere for the payment of increasing wages. Either they will have to raise the price for their products, or the authorities will have to increase all kinds of taxes, or crank up the printing press.

[Kozlov] Pavel Mikhaylovich, some of the newspapers call the negotiations of the government and the FITUR separate...

[Kudyukin] The initiative of the three ministers to conduct negotiations with the FITUR pursued the objective of reducing the tension that built up on the eve of the action of 24 October and to stop this action and sit down (outside the scope of the trilateral commission) at the negotiating table and clarify just what is it that this trade union association wants? Its leaders knew that work was being done that is necessary for normative acts on all problems, and that no one "rejected" their participation in this process.

[Kozlov] Is it now possible to predict the results of the negotiations?

[Kudyukin] Working groups have turned out work on wage problems, conversion, economic support of the textile and light industries, and the transport branches, and the question of the privatization of property. Positions are coming closer together on other problems as well. The drafts of normative and other acts that are being prepared will be submitted for review by the government, the Supreme Soviet, and the president.

Arkadiy SOLOVYEV, Secretary of the FITUR Council:

The negotiations are proceeding with difficulty. As previously in its economic decisions, the government is orienting itself on the interests of entrepreneurs and

businessmen, but not on the interests of the workers. All of this leaves its own imprint on the progress of the negotiations.

A serious misunderstanding remains on all questions. Take the problem of wages. Although the government went halfway with the trade unions—it agreed to accelerate the introduction of a wage scale for the remuneration of work in the budgetary branches and to raise the level of the minimum wage (this, perhaps, is one of the achievements of the negotiations); nevertheless, our main demand—to bring the minimum wage up to the value of the minimum subsistence budget—was not implemented.

As previously, the government proceeds from the fact that the budgeters should form the minimum wage on the residual principle: Money that is left from other items of the budget will be used for the remuneration of labor. The FITUR believes that wage policy should orient itself on the working person who has a family, and not on the physiological survival of the individual overall. We insist that the government decide all questions concerning this problem with the participation of the trade unions. But the Ministry of Labor is obstructing this in every possible way.

As for FITUR's other demands, complete agreement on them is not to be expected. Resolutions have been found only on questions of conversion. There are certain moves on problems that are of interest to workers in the agrocomplex. The government's price policy remains unacceptable for the trade unions. We are insisting on the restoration of centralized control over prices on specific food products and consumer commodities, and a number of consumer services.

A misunderstanding also remains on the privatization of state property. At one time, the authorities assured us that the process was under control, and that the interests of the workers would not be infringed upon. But it is already apparent now that the privatization program for 1992 will not be implemented fully. At the fault of the State Committee for the Management of State Property.

We are also not satisfied with the answer of the leaders of the Ministry of Internal Affairs regarding improvement in the work of the law enforcement organs. It seems that they are not clear on how to lower the wild outbreak of crimes in the country.

[Kozlov] Arkadiy Konstantinovich, but was there a need for bilateral "separate" negotiations with the government, when there is a "government-entrepreneur-trade union" trilateral commission, where, in essence, the same problems are being discussed?

[Solovyev] The trilateral commission is talking a lot about these problems. But do they not have to be resolved? The people are insisting. Therefore, the FITUR sent its demands to the president of the country, but he, apparently has already decided that direct negotiations with us are more convenient. He should send our

demands to the trilateral commission, and they should discuss them there. It is not the form of negotiation that is important to us, but their content, and the results.

FROM THE EDITORIAL OFFICE. The sharpness in the opinions of the partners-opponents to a certain degree reflects the atmosphere at the negotiations. It would seem that once they sat at the table to resolve problems that are urgent for the workers, they should search for ways to resolve them, while observing the culture of dialogue. Each of the sides—participants of the negotiations—should first and foremost work at resolving the most critical socioeconomic problems. And more. This very complicated process can bring results only under conditions of civic peace and harmony. It is time, finally, to move from dragged out complaints and confrontation to a search for a creative way to pull out of the crisis. It is this that is expected both from the government and from the trade unions of the people of Russia.

Cost of Materials To Raise Auto Prices Starting 1 November

934A0266A Moscow VEK in Russian No 13.
6-13 Nov 92 p 1

[Article by Anatoliy Shavrin, "AvtoVAZ": "Gift for the Holiday—New Prices for 'Zhiguli' Cars"]

[Text] The official announcement about the new increase in prices for Tolyatti automobiles was expected a long time ago. The second wave of price rises for all and everything, caused by the "jump" in energy prices, has indeed rolled to the Volga Automobile Plant [VAZ]. In the cost of each low cylinder automobile, the Volzhskiy automobile plant's own expenditures constitute only 15 percent; about 80 percent of expenditures are on raw materials.

In recent months, the cost of materials has increased by 1.97 times, the cost of parts—by 2.3 times.

Nevertheless, representatives of VAZ have had to "confer" with the State Committee on Prices for almost three weeks in order to substantiate the current value of their output and to show that even this value just barely provides for the vital activity of the "organism" of the automobile giant.

The new prices went into effect starting 1 November. They exceed the prices that resulted from the last rise in automobile prices by almost two-fold.

The table shows wholesale factory prices for Tolyatti automobiles, including the value-added tax (but without the trade markup; the retail price will be about 10 percent higher than the prices shown in the table).

Car	Rubles
VAZ-1111	450,000
VAZ-2104	850,000
VAZ-2105	700,000

Car	Rubles
VAZ-2106	850,000
VAZ-2107	1,000,000
VAZ-2108	960,000
VAZ-21083	1,000,000
VAZ-2109	1,300,000
VAZ-21093	1,500,000
VAZ-21099	1,800,000
VAZ-2121	900,000

At the same time, current prices for the "Oka," "Lada," "Samara," and "Niva" were in fact equal to their latest quotations on the exchanges.

Unemployment Rises Since Beginning of Year

934A0266B Moscow ROSSIYSKAYA GAZETA in Russian
14 Nov 92 p 2

[Article by Valentina Cherneta: "Daily Call: There's a Lot of Work, but the Number of Unemployed Is Steadily Rising"]

[Text] The increase in the number of unemployed from the beginning of the year has been noted in all regions of Russia. The level of unemployment in relation to the able-bodied population has grown sixfold since January and stands at present at 0.5 percent.

As Vladimir Korolev, director of the department of statistics in the federal employment service, has reported, during the January-October period, more than 1.7 million people applied to the offices of the federal employment service. Sixty percent of them were representatives of workers' occupations.

Almost one out of four was able to find work with the assistance of the employment service. The average duration of unemployment is three months.

On 1 November the number of unemployed was 440,000, of whom 60 percent are receiving assistance.

TO THE POINT: The current winter will become a severe trial for the residents of Yuzhnouralsk. The radio ceramics plant is planning to let go 1,300 people—one-third of all those employed.

HEU Deal With U.S. Said To Harm Russia

93WP0031A Moscow MOSCOW NEWS in English
No 44, 1-8 Nov 92 p 9

[Article by Vladimir Kiselev under the rubric "MN [MOSCOW NEWS] Investigation:" "Who Will Profit by the Uranium Deal?"]

[Text] There has been nothing like it in our nuclear age. Russia is selling highly concentrated uranium from its missile warheads. Our recent potential enemy will have to

rework nuclear explosives into fuel for peaceable nuclear power plants. It is believed, however, that the contract will deprive the Russian nuclear power industry of development prospects and its destruction is inevitable.

Non-Secret Secrets

A question arose with the onset of the disarmament era: what was to be done with the warheads? It is then that the idea originated (from the American think tanks I was told) of selling the hundreds of tonnes of highly concentrated uranium released to overseas partners. The talks on this commenced last December. Two American companies were supposed to turn the bomb material, concentrated to 90 percent, into low-concentrated fuel for the power industry. Having concluded preliminary contracts, they hoped to amass big profits from reselling Russian uranium. But the governments took the matter into their own hands. On August 28 the agreement was signed by General Burns on behalf of the US Department of Energy and by Deputy Minister Yegorov on behalf of the Russian Federation's Ministry of the Nuclear Power Industry. It is expected to be approved by the end of this year.

Russian uranium is cheaper than American. Moreover, turning imported uranium for weapon systems into fuel for the power industry is a lucrative business: no need for pits, sublime productions units or concentrating mills. The only thing to do is dilute highly concentrated uranium with natural uranium.

Mr. Sewell of the US Department of Energy has explained that with this deal the federal budget will not feel any additional burdens, as the Russian raw material will be bought with the money saved on concentrating their own uranium.

In the view of the leadership of the Ministry of the Nuclear Power Industry, concentrated uranium can give Russia the several billion dollars it needs badly. Moreover, the headache of where to keep nuclear materials will be alleviated.

But why then has the world learned about the unprecedented transaction from the Bush administration solely after lengthy secretive (as they are described in the American press) talks?

The Department of State spokesmen, to whom THE NEW YORK TIMES has referred, explain this by their reluctance to agitate the Russian military, as some of them are saying they have been betrayed by Russia's nuclear sword becoming blunt.

I got in touch with Igor Smirnov, Commander-in-Chief of Strategic Rocket Forces. I heard their experts had really not been involved in preparations for the talks.

"There is no need for this. It is better to have fewer but higher-quality weapons," explained Nikolai Yegorov, Deputy Minister of the Nuclear Power Industry. "But no one made a secret of the talks. No doubt, they were held

with the participation of representatives from Technabexport (a government department dealing with technical supplies and exports—Ed.) and Shishkin personally."

It is not accidental that the talk turned to Technabexport. After all, this association—now a joint-stock company—has held a monopoly for over 20 years in representing our country on the world uranium market.

But Albert Shishkin, Director-General of Technabexport, said that his firm had taken no part in the talks. He personally had not attended any meeting at the Foreign Ministry or anywhere else. Judging by the information he communicated, a joint venture will be set up for the sale of highly concentrated uranium. As this theme is extremely delicate, the talks were confidential.

Viktor Mikhailov, D. Sc. (Engineering), Minister of the Nuclear Power Industry, qualified the White House's public statement on the purchase of warhead uranium as somewhat premature. "We didn't agree that the Americans would announce this. But, evidently, the presidential team considered this to be a good trump in the election race. Make sure for yourself—it is not made as confidential," he showed the initialled contract across a broad table. Yet he turned down our request to grant us a copy for MN [MOSCOW NEWS] experts to study the terms of the deal.

But be that as it may, the many-month-long silence was broken. Our president, too, made a televised address speaking highly of the coming transaction.

Postal Romance

One after another, three letters were received at the Ministry of the Nuclear Power Industry from the Ural Electrochemical Complex, until recently more known as Sverdlovsk-44, which sharply protested against the sale of the uranium meant for weapons.

I got in touch with the complex over the phone. Its managerial personnel were in low spirits—waiting for a response from high offices in Moscow.

"Ural people apprehend that the fuel obtained from weapon uranium may oust their products from the uranium market, saturated as it is to overflowing," explained Yevgeny Mikerin, head of the main scientific-technical department at the Ministry of the Nuclear Power Industry. "They are afraid of losing the dollars they get from the export of low concentrated uranium. And this, even after all deductions, comes to tens of millions annually."

The Ministry of the Nuclear Power Industry stands to gain in any eventuality. The currency streamlet, turning away from the enterprise, will flow into ministerial accounts. But in this case the complex will simply come to a halt.

"This is evidently possible," Mikerin agreed. "Unless the Americans cede part of the market or close down some of their concentrating mills."

The overseas colleagues, for their part, are not in a hurry to come up with promises. In any case such a variant has not been stipulated in the initialled contract.

An alarm has been sounded by Vitaly Mashkov, the Russian President's representative for the Sverdlovsk Region. Having worked for many years in the nuclear power industry, he believes: it is capable not only of saving itself, but also of pulling the whole country out of its predicament. Having, however, sold the weapon uranium for the sake of immediate gain, we will deprive the sector of development prospects.

Mashkov wrote a letter to Yuri Boldyrev, head of the Control Department under the auspices of the President of the Russian Federation.

I traced the route of his letter. From Boldyrev's office it was forwarded to Yegor Gaydar's secretariat, from which it went to the sector for the affairs of the defense industry complex and conversion. One more somersault—and the letter landed in the Ministry of the Nuclear Power Industry. Six weeks later an aide to the minister prepared a reply. Let me recall that it is Nuclear Ministry officials that are now busy turning their idea of selling highly concentrated uranium to America into reality.

Mashkov ventured to sever the officialdom's vicious circle. We met.

"Russian nuclear power industry workers have several technologies which are the best in the world, and are five to ten years ahead of Americans, especially in isotope separation," Mashkov said. "Our centrifugal method of concentration is about ten times better than their diffusional one, whereas its power consumption is roughly 20 times lower. Having re-equipped our four separating complexes from diffusion to centrifuges, we have released the equivalent of three St. Petersburg nuclear power plants.

"As long as we were staying behind the iron curtain, forging warheads which nobody needed and not looking elsewhere while the Americans controlled 50 percent of the world uranium market, they didn't worry. But all of a sudden we started actively battling our way into the market. The USA accused us of nuclear dumping. We, for our part, opened our top secret complexes for universal observation. That came as a shock. Americans were confident that Russians were tailing behind them. It turned out that the opposite was the case. It has been discovered: the cost of Russian concentrated uranium is much lower than that of the American, we are terribly competitive, and no longer desire to rest content with the pitiful 5 percent of the world market.

"There is one more nuance. Centrifugal production capacities were built with a reserve. However, there was

the Chernobyl blast, then disarmament commenced. Recession set in instead of the expected rapid growth of nuclear power engineering. But fissional installations cannot be brought to a halt—they will be destroyed. For the nuclear power industry to be left without markets is the same as to die in this situation.

"The Americans will meet their requirements with our highly concentrated uranium. Having saved a lot on this, they will get a respite for modernizing their antiquated production capacities. That's all—we have lost the war for the market, not having even started it."

Is the Devil So Terrible?

A sheet of paper is speckled with figures. Yassen Shevelev, D. Sc. (Engineering), head of the department of the theory of nuclear reactors at the Russian research center, more known as the Kurchatov Institute, puts away his pen: "And this is what I didn't expect at all..."

I came to Shevelev with a request to take a look at the likely development of events.

We deliberately aggravated the possible situation to the extreme: the USA will get a thousand tonnes of our weapon uranium.

"There will be enough of it for all the American industrial reactors to work for at least ten years. Or for the reactors of the whole world to work for two and a half years. The scope of getting a foothold on the already established market is so great that rivalry between this method of meeting the needs of nuclear power plants and the traditional one becomes inevitable. Consequently, internal competition will commence in the Russian nuclear power industry as well. After all, what they will buy will be either weapon uranium or a low-concentrated variety. And they will accept an increase in our quota only if we lower the price of the raw material. Military uranium will definitely gain the upper hand for economic considerations. After all, it has already been produced, there is no demand for it and, consequently, it is cheap. Then the separating industry will close down. In short, a firm possessing both potential flows of uranium must think twice about the destiny of its civilian part and act with greater circumspection. All the more so since the same amount of money can be received for both weapon uranium and the low-concentrated variety."

This view was supported by Anatoly Klimenko, D. Sc. (Engineering), director of the private center of economic research studies, who added that building uranium reserves was one of the most profitable areas of capital investment. According to long-term forecasts, its market price will keep growing. Cheap resources are being depleted. And if we ruin the separating industry, our own uranium will be sold to us at sky-high prices in the middle of the next century.

Viktor Mikhailov sees no danger in the rise of two competing flows of fuel. True, he makes a reservation—

on the condition that the consignments of highly concentrated uranium put on the market will be relatively small, and their appearance will by no means diminish our quota there. This is his main demand, which the contract must depend on. "If the Americans refuse to accept compromises in the anti-dumping campaign," the minister said, "I will be the first to tell Gaydar: we have been cheated, it is time to stop. But who will dilute uranium and in what quantities—that is a technical matter."

Between Ourselves

I discussed the coming agreement with many experts in the field of nuclear science. And each happened to throw light on some new, occasionally quite unexpected facet. This added to my conviction: the expediency of selling military uranium must be discussed not only in ministerial offices, but also by producers, ecologists, analysts from foreign intelligence—the broadest range of people.

From a talk with Gennady Kondobayev, people's deputy of Russia, member of the Supreme Soviet's Committee on Industry and Power Engineering: "In December Bush plans to visit Russia. And, I believe, most likely he will sign the agreement on weapon uranium with Yeltsin."

"I am afraid that his advisers will tell him: everything is just fine, very soon we shall disarm ourselves and get currency into the bank. And they will hush up the fact that our most advanced technologies will suffer."

Intelligence Out of Work

I received phone calls from several people who told me the same story: a protocol had been signed on the construction as a "turn-key" project in China of a separating plant equipped with the most up-to-date technology. For 30 years we have been polishing it, keeping it as the most carefully guarded secret. And now...

"A normal commercial transaction," my emotions were cooled by Yevgeny Mikerin. "Indeed, the equipment is of the latest serially-produced type, but we will not transfer the technology of its manufacture. And in the contract we shall necessarily stipulate a ban on its multiplication as well as re-export."

But I remain convinced: it is practically impossible to check how our technology is used in China, where even the inspectors of the International Atomic Energy Agency are not admitted to military facilities. Moreover, centrifugal machines can be used to obtain uranium for making nuclear weapons. And China is still not a party to the international treaty on the non-proliferation of the latter.

The question is not that we may cut off the existing and likely uranium markets from ourselves...

New Banking Consortium To Finance Oil Production, Refining

934A0252A Moscow KOMMERSANT DAILY
in Russian 5 Nov 92 p 1

[Article by Dmitriy Simonov: "Russian Oil Workers in Good Hands of Consortium"]

[Text] On November 4, in an exclusive interview with KOMMERSANT DAILY, executives of two Russian banks—the Imperial and the Yugorskiy—announced the creation of a banking consortium. Its basic task will be to finance the oil and oil-refining industries. The newly created consortium will become a major banking union whose total assets are estimated at 131 billion rubles.

The banks' executives said that a whole number of major projects to develop oil deposits and build oil refineries are going without proper attention: The exceedingly large investments are beyond the wherewithal of individual commercial banks. The bankers have found a solution in pooling their capital.

The agreement on the consortium's creation says, among other things, that the sides will give priority to extending to each other interbank credits and guarantees in order to finance innovative projects. The banks will also be able to pool their capital in order to provide a loan to a single borrower. Such a loan could reach a maximum of 12.5 billion rubles. At the same time, the bankers will be able to attract up to 500 billion rubles in credits while still complying with the liquidity standards set by the Russian Central Bank.

In addition, the banks have pledged to coordinate volumes and exchange rates in buying and selling foreign currency on the Interbank Foreign Currency Exchange and on the extra-exchange market. In pursuing a uniform financial policy, the sides have decided to coordinate the setting of uniform interest rates and uniform rates for servicing clients' accounts.

Experts point out that merging the funds of the banks, which currently serve a large number of enterprises in the oil and gas industries, will enable them to amass large foreign-currency resources and in effect to reach a point where their competitors will not be able to catch up with them. A significant role in this is played by the fact that the Imperial is currently the major shareholder in the former Soviet Union's foreign East-West United Bank in Luxembourg. For Russian oil and gas exporters, this means that they can make international payments quickly and easily, and at the same time keep their foreign currency earnings abroad in a completely legal fashion. Within Russia, the quality of payments made by the consortium's clients will be guaranteed by the Central Settlement Office, which was also established at the initiative of the Imperial Bank and with its help. Today the Settlement Office is the only commercial clearing center that effects payments between Russian regional banks.

Incidentally, the consortium's indisputable advantages are not in conflict with antimonopoly legislation: The banks' agreement says that each of them will retain its status as an independent juristic person.

As of September 1, 1992, the paid capital of the Yugorskiy Bank stood at 1.4 billion rubles (including \$10 million). The bank's average monthly turnover is 150 billion rubles. The founders include the Nizhnevartovskneftegaz [Nizhevartovsk Petroleum and Gas], the Sibneftegazpererabotka [Siberian Oil and Gas Refining], the Langepasneftegas [Langepas Oil and Gas], and the Nizhnevartovskneft [Nizhevartovsk Oil] production associations.

The Imperial Commercial Bank was registered in December 1990. At present the bank's capital stands at 300 million rubles and \$95 million. Its foreign-currency balance sheet shows 9 billion rubles and \$180 million. The bank's founders include the Gazeksport [Gas Export], the Tekhnopromimport [Industrial Equipment Import], and the Zarubezhneftestroi [Foreign Oil Construction] associations and the Gazprom [Gas Industry] Concern.

Yugorskiy Bank's telephone number: (095) 270-17-00
Imperial Bank's telephone number: (095) 203-58-33

Use Of Casing-Head Gas Will Improve Oil Field Efficiency

934A0252B Moscow ROSSIYSKIYE VESTI in Russian
11 Nov 92 p 4

[Article by Andrey Illarionov: "Idea: Gasoline From Flares"]

[Text] Novosibirsk—It is possible, without increasing oil production, to nonetheless produce more fuel? The answer to this question has been found by specialists at the Novosibirsk "Tseosit" Research and Engineering Center. They have found a way to make gasoline from the enormous flares that burn across Siberia and consume light oil fractions. Between 20 million and 25 million tonnes of this extremely valuable hydrocarbon resource is uselessly burned up in flares, pumped back into wells, or spilled out onto the tundra every year.

All this raw material could be refined at compact and inexpensive installations with a capacity of 5,000 to 50,000 tonnes a year; the installations could be assembled from prefabricated parts and powered by synthetic zeolitic catalysts developed at the "Tseosit" Center's Institute of Catalysis.

A few months ago, the Nizhnevartovsk Gas Refinery used this technology to put in operation the country's first highly efficient industrial unit for producing high-octane gasolines from the compressants of casing-head gas. The unit, which has a capacity of 5,000 tonnes a year, is unmatched anywhere in the world.

Such units could be used not only at small oil refineries and at oil and gas pipeline facilities, but also right in the oil and gas fields. After all, *ch //* /millions of tonnes of motor fuel have to be transported to remote regions of Tyumen Oblast, and the farther it has to be transported, the more expensive it becomes. Yet the fuel could be produced easily and cheaply right on site.

The cost of developing the unit in Nizhnevartovsk did not exceed 3 million rubles. Now, as it supplies the region with high-quality locally manufactured gasoline, it will earn a profit of 60 million to 80 million rubles a year.

Decree on Excise Duty on Petroleum Extracted on Russian Territory

935D0111A Moscow ROSSIYSKAYA GAZETA
in Russian 18 Nov 92 pp 3, 5

[Text of "Decree No. 847 of the Russian Federation Government 'On the Excise Duty on Petroleum Extracted in Russian Federation Territory,'" issued 1 November 1992 and signed in Moscow by Ye. Gaydar]

[Text] In executing the Russian Federation President's Edict No. 893 of 14 August 1992 "On Introducing an Excise Duty on Users of Mineral Resources from Russian Federation Territory" and Edict No. 1089 of 17 September 1992 "On State Regulation of Prices for Individual Types of Energy Resources," the Russian Federation Government decrees:

1. That the rates for an excise duty included in the price for petroleum and gas condensate are to be established for petroleum and gas extracting enterprises (associations) in accordance with Appendix No. 1.

2. That the excise duty is to be paid to the Russian Federation budget when petroleum and gas condensate are sold, including for export. In the deliveries of petroleum, including gas condensate, for export, the excise duty is based on the prices in the domestic market for specific enterprises on the date the transaction is completed.

That the Russian Federation Ministry of Finance and the Russian Federal Tax Service are to issue instructions on the procedure for paying the excise duty on petroleum, including gas condensate.

3. That maximum levels of profitability (the average for an enterprise) in the production of all types of petroleum

products are to be established for enterprises (associations) which refine petroleum, including gas condensate, and petroleum and oil refineries, in accordance with Appendix No. 2.

4. That this decree be put into effect beginning on 1 November 1992.

[Signed] Ye. Gaydar

Appendix No. 1: Rates for the Excise Duty on Petroleum and Gas Condensate for Petroleum and Gas Extracting Enterprises (Associations)

Name of Enterprise (Association)	Rates of Excise Duties Included in the Price of Petroleum and Gas Condensate (Without the Value-Added Tax), in Percent
Yuganskneftegaz	5
Megionneftegaz	5
Krasnodarneftegaz	5
Noyabrskneftegaz	10
Tomskneft	10
Stavropolneftegaz	10
Surgutneftegaz	15
Bashneft	15
Orenburggazprom	18
Tatneft	18
Kuybyshevneft	20
Kaliningradmorneftegaz	25
Permneft	25
Kogalymneftegaz	25
Udmurtneft	30
Grozneft	30
"Chernogorneft" AO [Joint-Stock Company]	30
Langepasneftegaz	30
Orenburgneft	30

Footnotes:

1. An excise duty has not been set for oil and gas condensate extracted by the following enterprises: Saratovneftegaz, Nizhnevartovskneftegaz, the "Nefteotdacha" NPO [Scientific Production Association], Varyeganneftegaz, Purneftegaz, Urayneftegaz, the "Tyumenneftegaz" NPO, Komineft, Nizhnevolzhskneft, Termneft, Sakhalinmorneftegaz, Dag-neft, and Astrakhangazprom, as well as for petroleum and gas condensate produced and delivered for export by enterprises and organizations formed with the use of foreign capital, to which Directive No. 1375-r of 27 July 1992 of the Russian Federation Government applies.

2. For other enterprises and economic entities, regardless of their departmental affiliation and form of ownership, which are extracting oil and gas condensate, for which the excise duty has not been established in this appendix, the rate of 18 percent is applied.

Appendix No. 2: Maximum Levels of Profitability for Petroleum Products (Average for the Enterprise)

	Percentage of Production Cost
Leningrad Experimental Petroleum and Oil Refinery	20
Moscow Petroleum and Oil Refinery	20
Nizhegorod Petroleum and Oil Refinery	20
Orenburg Experimental-Industrial Petroleum and Oil Refinery	20
Perm Lubricant and Coolant Plant	20
Rostov Experimental Petroleum and Oil Refinery	20
Yaroslavl Petroleum and Oil Refinery imeni D.I. Mendeleyev	20
Moscow Experimental-Industrial Plant "Nefteprodukt"	20
Ryazan Experimental Plant of the VNIINP [All-Russian Scientific Research Institute of the Petroleum Industry]	20
Achinsk Petroleum Refinery	15
Samara Petroleum Refinery	15
"Salavatnefteorgsintez" PO [Production Association]	15
Saratov Petroleum Refinery	15
Tuapse Petroleum Refinery	15
Ukhta Petroleum Refinery	15
"Nizhnekamskneftekhim" PO	15
Remaining enterprises (associations) which refine petroleum, including gas condensate	10

Footnote: In order to provide incentive for thorough refining of petroleum, the Russian Federation Committee on Pricing Policy, in coordination with the Russian Federation Ministry of Fuel and Power Engineering, may increase the maximum levels of profitability for individual petroleum refining enterprises.

Energy Sector Urged To Integrate With European Market

934A0205A Moscow *DELOVOY MIR* in Russian
17 Oct 92 p 6

[Unattributed report: "Russia at the Fuel Crossroads. From the Report 'Oil and Gas in Russia's Foreign Policy' Prepared on Instructions From the Foreign Policy Foundation of Russia [FVPR]"]

[Text] In assessing Russia as an element in the world oil- and gas-supply system it is necessary to proceed on the basis both of its resource opportunities and its current economic position, and the possible development of the reforms taking place within it.

In terms of surveyed oil reserves Russia is second in the world after Saudi Arabia. According to figures from the former USSR minister for the oil and gas industry, L.D. Churilov, (NEFTYANOYE KHOYAYSTVO No. 9, 1991), the former USSR's reserves for this period were 23.5 billion tonnes. Of this, Russia's reserves made up 20.2 billion tonnes. It should be borne in mind, however, that these reserves are not equal in quality. Thus, for the whole of Russia the proportion of reserves with aggregate development costs higher than 100 rubles [R] per tonne (in 1990 prices) is 15 percent. It is of interest that this proportion increases sharply among the deposits discovered in 1986-1990, that is, those deposits that will play a major role in the structure of oil recovery after 1995.

If we take into account the low degree of confirmation for predicted reserves and the even greater proportion of deposits with high development costs among them, Russia's future assurance of oil reserves cannot be called cloudless. Even in West Siberia, where the main increase in reserves is proposed, about 40 of this increase will be accounted for by low-productivity deposits with daily yields of less than 10 tonnes for new wells, which is now the limit for profitability for that region.

The profound economic crisis that has seized Russia has not bypassed the sectors of the fuel-and-energy complex [TEK], particularly the oil industry. This has been seen first and foremost in the accelerating decline in the volumes of oil recovered starting from 1989. Here, at deposits in Tyumen Oblast alone—the chief oil-recovery region—oil recovery fell from 394 million tonnes in 1988 to 307 million tonnes in 1991.

During the first half of 1992 conditions and results in the sector continued to deteriorate, and as a result the volume of oil recovered in Russia for the year (including gas condensate) will scarcely top 380 million tonnes.

The condition of the gas industry is still not as serious as the oil industry, although even here there are dangerous symptoms. For the first time in the history of the gas industry, in 1991 there was virtually no increase in recovery; this is explained by the shortfall in capital investments and the small amount of construction

groundwork done. It is expected that without the adoption of emergency measures in the gas industry, the stagnation in gas recovery in 1991-1992 may become a decline of 10-12 percent in 1993.

The Concept for Energy Policy in the Russian Federation under the new economic conditions has now been prepared and is being actively discussed. During the course of discussion it is undergoing significant changes and it is at present difficult to say what its ultimate form will be. In our opinion, no final form is necessary. It should be a concept that responds sensitively to changing conditions and emerging trends, and for that reason should be reviewed periodically and amended as appropriate.

First of all, it is essential to define in the concept the real role of the TEK in Russia's economy. Despite the apparent obviousness of this issue, two opposing viewpoints exist. One of them, shared primarily by the leadership in the complex and a number of energy experts, is that this, the world's largest and most dynamic fuel-and-energy complex, should be used to guarantee stable development for the economy. Now it has gone into recession because it was regarded as something that served the economy, part of the infrastructure, and also for a number of other reasons.

The other viewpoint, shared by a number of economists engaged with questions of structural policy and national economic balance, is that power engineering has been a key sector into which most of the various production resources went, and consumption growth rates in power engineering have significantly outstripped growth in most other sectors, primarily second-order subdivisions.

It is necessary to bring the Russian TEK into line with our opportunities and real requirements. Russia's economy possesses enormous unutilized energy-saving potential at this time, about 450 million tonnes of standard fuel. In other words, almost 40 percent of all primary energy resources used in the country in 1991 could with skillful management either not be produced or used for exports.

There are doubts about the advisability and feasibility of using power engineering as a factor to improve and revive the economy.

The following considerations militate against implementation of this idea:

- within Russia there are now no funds to build this kind of "locomotive" given the paralysis of consumer goods production. Primary funds should come precisely from this more mobile sphere rather than from reducing exports of energy sources;
- energy consumption in Russia per unit of GNP produced even now considerably exceeds this index for the industrially developed countries;

—the fuel-recovery industry, particularly the oil industry, has passed its peak form, and efficiency in fuel recovery will decline;

—the one-sided export orientation is deepening, and this is making Russia hostage to the situation in the world market for energy resources;

—the environmental situation in TEK sectors is extremely acute;

—no single country in the world with a large population, significant domestic demand, and destruction of the consumer market has succeeded in making power engineering the sector that improves the economy even though such attempts have been made (in Mexico), and, moreover, with more mature market relations.

It is more likely that this is a task that not only cannot be carried out but is not even necessary, taking into account the excessive consumption and the great losses. It seems more sensible during the transition period to set the task of controlling the recession in energy production down to an economically expedient level, with subsequent stabilization and, perhaps, growth.

The paramount task is to bring energy consumption into line with the recession in production. In principle this is a normal phenomenon, like the increased energy consumption in the municipal-and-everyday sector and agriculture, and in the years immediately ahead should be compensated for through energy savings. It is essential to do this both by means of pricing and by expanding the supply of energy-saving materials, equipment, and alternative technologies.

It is necessary to carry out a number of major projects to replace the most energy-wasteful equipment and technologies with foreign equipment and technologies that are optimal in terms of cost and savings effect, on the basis of credit with subsequent repayment from the energy saved. The main criteria in selecting these projects should be the savings effect and the speed of realization.

Measures to reduce energy consumption both for domestic and foreign investors should be a priority until through economic efficiency and the speed at which results are achieved, measures to produce energy exceed them, or at least equal them. Realization of the next stage in the saving of energy, associated with the introduction of technologies whose energy-saving effect is not so obvious or is connected with realization over the long term, should take place by comparing costs and results in the production and saving of energy.

It is only after the specific magnitude and structure of energy consumption have been brought more or less close to the average world standards that it will be possible to develop a long-term energy-production program. By that time it will also be possible to stabilize our export requirements, and this will make it possible to

define an optimal production level given that the level of consumption has largely been brought into proper order.

The stage of the new energy policy that is important and requires the concentration of all efforts is the present stage, which is proceeding in a situation of crisis development. Under conditions of declining output and the growing shortages of energy resources it is very tempting to try to "squeeze" out of the government solid appropriations which under conditions of structural reshaping of the economy and of power engineering would be used to close the breach. It is essential to avoid this temptation, to which the leadership of Russia is becoming increasingly inclined, and focus efforts on solving the following two tasks:

- 1) restoring and bringing on line at full capacity all the available production potential of the TEK sectors that in the present economic conditions may function efficiently. That part of the existing potential whose functional efficiency is negative or doubtful should be offered for sale or privatization by other means, and if necessary, liquidated;

- 2) breaking the tendency to lag behind in reducing energy intensiveness relative to declining output volumes, and making firm a trend toward preferential growth in the efficient use of energy.

Resolution of these two tasks should be ensured through all possible advantages for domestic and foreign investors, including state investment in key projects. During this period, the other production tasks of the TEK are to be resolved on the residual principle or on the full responsibility of Russian and foreign corporations and companies and other interests. Their risk can be mitigated by a certain relaxation of tax pressure.

For the TEK sectors this kind of policy is somewhat reminiscent of shock therapy. If it is possible (and up to now experience shows that it is) to carry out shock therapy on the population of Russia, then why can it not be done in sectors that have accumulated many diseases and defects and failed to justify the hopes placed in them. Of course, in order to pursue this policy, measures are needed to provide social protection in the sphere of domestic energy use.

As far as price liberalization for energy is concerned, this question requires special comprehensive work. At least, bringing prices immediately or very rapidly to world levels is not in and of itself a significant social goal even for the extractive sectors because the increased income from the price increases for energy resources can quickly be totally "reduced" by reciprocal price increases for other products. Under conditions of declining output, inflation, and a payments crisis, a one-off upsurge in prices for energy resources right up to the world level could cause catastrophic consequences. Moreover, it is unsound because the use value for energy here is significantly lower than in the West. This is a very important issue that requires not only direct economic calculations but also consideration of the results of steps taken earlier

with respect to macroeconomic stabilization. Among these, the most important are the sharp price increases in sectors allied to the energy sector, declining output, destruction of economic ties, and lack of change in price proportions. The latter is very important from the standpoint of the transition to world prices because it is precisely the proportions with respect to prices for various groups of goods that are proof of approximation to world pricing rather than the absolute size of prices, which here depend more on the market exchange rate for the ruble than on the essential nature of the question.

It is important to make legal provision for compensation for foreign credits for measures that lead to a reduction in domestic consumption or replace imports, using export earnings of the state, regions, or enterprises from the sale of energy resources, depending on the nature of measures according to particular norms resulting from the credit conditions and the magnitude of the effect, and deducted as part of the additional energy freed up for export, or export earnings saved for other purposes.

Questions of ownership and control have in fact not been worked on in a practical way with respect to the Russian TEK. Here, the prejudices of the preceding period with respect to unrestricted diversity of forms of ownership and independence for enterprises are perhaps stronger than anywhere.

It is conceptually important to resolve the question of the degree to which Russia's oil-and-gas complex integrates with the general world structures. We now have a TEK that is oriented on abstract development, and the depth of the reform depends on how it will develop in the future.

It is becoming increasingly obvious that Russia faces an urgent need for radical revision and activation of its activity in the sphere of world oil supplies.

The granting of concessions to foreign and joint-stock companies to comprehensively develop oil and gas deposits is still not being regulated as it should be by the legislation on minerals and concessions, which lags behind world practice.

In the search for structures that would resolve the task of gradual integration of the TEK into appropriate global structures, many experts and experienced people are reaching the conclusion that it is advisable to set up within Russia and the CIS an optimal (under present conditions) number of vertically integrated oil corporations that include all the stages of the reproductive cycle, from the surveying of deposits and recovery of raw materials to the sale of petroleum products both within and outside the CIS. The chief criteria for forming the structures sought in this sphere should be reasonable economic gain now and extensive opportunities for large-scale internationalization of spheres engaged in profitable business activity in the long term.

The form and structure of ownership for such companies should be envisaged in such a way so that most-favored-nation status is given to foreign investors (that is, transnational corporations) that are prepared to provide their own technologies, know-how, and access to transnational structures and markets, and their own experience in diversification and internationalization of the oil business. When the central or local authorities grant concessions to these companies, provision should be made for mandatory consideration of the interests of the regions onto whose territories the activity of those companies is extended.

On the other hand, in the long term, by the time the economically accessible resources of our own oil have been exhausted, these companies would be prepared through transnational structures to service the country through foreign suppliers of petroleum products.

Another avenue by which we should approach the goal that has been set is structural reshaping within the country of the domestic sphere of oil supplies in such a way that vertically integrated competing companies would control the entire cycle from oil recovery to the gas pumps. For it is only under those kinds of conditions that it is possible to hope for any acceleration in the processes of introducing advanced technologies and savings of raw materials in all elements of the process of the production of petroleum products. Because of considerations having to do with the entire system, these enterprises must be created not so much within the traditional fuel-and-energy and petrochemical frameworks already established, but rather as their competitors. Given a higher technical level in the operation of deposits and in refining, these enterprises will be able gradually to expand the scales of their own activity as they improve the economic indexes for oil supplies and influence the overall climate of entrepreneurship in the country.

It may be suggested, however, that progress in this direction will be quite prolonged and difficult. It will depend on success in the quest for organizational structures, forms of ownership, and ways to join transnational structures and gain experience in international business within these structures. At the same time, however, other alternatives for development in this sphere will be unable to lead to more rapid stabilizing and structural shifts.

Concerning trends in the formation of oil and gas corporations of the new type, it should be noted that at this time Russian production, management, and entrepreneurial-commercial structures are ready in a practical sense to set up vertically integrated companies with mixed ownership. We have the project of the Rosneftgaz corporation president, L. Churilov, to set up independent oil companies with various forms of ownership on the basis of existing trusts and associations on the Western style, including in the entire complex in their structure, from surveying to marketing of products. The corporation was set up in October 1991 together with the former Ministry of the Oil and Gas Industry. Its

founders were 47 oil production associations in Russia that account for 90 percent of the oil recovered in the CIS.

At the same time, according to expert evaluations, within the sector another significant trend can also be seen, namely, that enterprises in the oil and gas complex together with various kinds of commercial structures are founding independent oil companies with a preponderance of private commercial capital. Then subsequently these companies are proposing redeeming the state enterprises that founded them, offering a significant proportion of the shares to their managers. Local authorities that insistently declare their own rights to minerals are also included among the founders.

The president of the Germes Company, V. Neverov, is proposing a specific, typical scheme for this kind of capitalization. The State Enterprise for the Oil Complex has fixed capital worth R100 million on the balance sheet. Like many others it is in a difficult position: There are no assets for modernization. A joint-stock company is being formed with startup capital of R200 million. The enterprise is contributing its own fixed capital and receiving 50 percent of the shares. Thus, half of the joint-stock company's property and future income will belong to the state in the body of the State Enterprise. The joint-stock company will receive another R100 million thanks to a share subscription. The enterprise will have adequate free money.

In reality, however, for efficient operation what is needed is a single financial control along the entire technological chain, and so the scheme for capitalization becomes more complicated. Together with the enterprise (let us assume it is engaged in oil refining), similar difficulties are being experienced by the oil recovery people, transportation workers, and producers of oil field equipment. So several enterprises along the entire technological chain, right to the gas pump, are unified into a single joint-stock company, let us say with startup capital of R1 billion. Major commercial companies join. The enterprises invest R600-700 million in fixed capital, which ensures the oil recovery, its processing, and its delivery to the consumer.

All the enterprise transfer to a single financial control. The state owns 60-70 percent of shares and has right of deciding vote. The other shares are used in two ways. About 5-10 percent are sold at nominal value or simply distributed among all the workers at the enterprises in the joint-stock company, which immediately alters the motivation mechanism for the workers. The market value of the shares and dividends now depends on the company's efficient operation. Another 20-30 percent of the shares are sold at market value, including to foreign companies, at a dollar exchange rate of about 1:10, which in Neverov's opinion reflects the specific, real purchasing power of the currency.

It is important to emphasize that these kinds of joint-stock companies will not survive long in a market

environment if only state enterprises form them. Commercial structures should be represented quite significantly among the founders.

Perhaps the first of these kinds of integrated companies not merely described on paper but created in reality is the Lukoyl Company. It includes three oil recovery associations from West Siberia, a refining complex located in Lithuania, and the Ural oil-exporting company. Another important proof of the presence of vertical integration trends is the new Union of Oil Industry Workers set up in Tyumen in February 1991, which unites 56 enterprises of the CIS oil complex.

Yet another important trend in integration of the oil complex in Russia and the CIS into world structures is the creation primarily on the continent of Europe of a single energy market; all its parts are regulated by standards agreed by the participating countries. It assumes that there will be a switch to market principles in the management of power engineering, which will make it possible to accelerate radically the switch by the entire Russian economy to the market.

The switch by power engineering itself to a market basis is being significantly facilitated, first by the extensive

involvement of foreign capital, including in the form of equipment and technology, second, as a result of making use of the enormous experience of a legal, organizational, and technical nature gained by the EC countries and transferred to Russia, and third, because of the significant degree of similarity in the main kinds of output in the energy sector.

The accelerated switch to market principles in the management of power engineering makes it possible to resolve the sociopolitical problems in the sector in short order, and this is of key significance for Russia's domestic policy situation.

Including Russia's energy complex in the general European economic space would promote resolution of many of the conflicts arising as the result of the disintegration of the USSR, and also of the process of "sovereignization" within the Russian Federation. Moreover, opportunities are really enhanced for creating common European structures, including a collective system of security, of which one of the most important components is energy security.

Statistics and Predictions for World Energy Consumption by Groups of Countries

Table 1. Dynamics in GNP Growth (percentage annually)

	1981-1985	1986-1990	1991-1995	1996-2000
OECD countries	2.3	3.3	2.5	2.6
Countries of the former CEMA	2.1	1.0	0	4.5
Other countries	2.1	3.2	4.2	4.1

Table 2. Dynamics in Energy-Output and Oil-Output Ratios (barrels of oil equivalent per 1,000 units of GNP)

	1980		1985		1990		1995		2000	
	total	oil	total	oil	total	oil	total	oil	total	oil
OECD countries	3.76	1.86	3.38	1.48	3.19	1.38	3.04	1.25	2.82	1.09
Countries of the former CEMA	5.85	2.03	5.87	1.79	5.84	1.64	5.35	1.43	4.54	1.20
Other countries	4.96	2.31	5.47	2.31	5.91	2.45	6.07	2.51	5.95	2.37

Table 3. Statistics and Dynamics in Consumption of Oil, Gas, and Other Energy resources (millions of barrels per day)

	1980			1985			1990			1995			2000		
	oil	gas	other	oil	gas	other	oil	gas	other	oil	gas	other	oil	gas	other
OECD countries	38.5	14.7	24.6	34.3	14.3	30.0	37.0	16.1	33.4	38.4	18.6	36.7	38.3	21.1	39.5
Countries of the former CEMA	11.2	7.6	13.3	11.0	10.9	13.9	10.4	13.2	13.6	10.2	14.9	13.0	10.9	16.9	13.5
Other countries	12.9	2.3	18.0	14.2	3.5	23.3	18.0	5.4	27.9	22.2	7.6	34.4	25.7	10.2	42.1

REGIONAL AFFAIRS

Emergency Declared in Ossetia, Ingushetia

935D0106A Moscow ROSSIYSKIYE VESTI in Russian
18 Nov 92 p 2

["Edict of the President of the Russian Federation on Temporary Borders of the Territory of Implementation of the State of Emergency"]

[Text] In connection with the introduction of the state of emergency in the territories of the North Ossetian Soviet Socialist Republic [SSR] and Ingush Republic, with the aim of establishing the system of government, observing the constitutional rights and lawful interests of citizens, and ensuring state security and public safety in the North Ossetian SSR and Ingush Republic over the period of implementation of the state of emergency, I ordain:

1. To establish temporary borders of the territory of implementation of the state of emergency within the boundaries of:

the southwestern, northwestern, and northern sections of the administrative-territorial border of the North Ossetian SSR with the Kabardino-Balkar Republic and Stavropol Kray;

the northeastern, eastern, and southeastern sections of the presently existing administrative-territorial borders of Malgobekskiy, Nazranovskiy, and Sunzhenskii rayons, until the borders of the Ingush Republic are established by the Supreme Soviet of the Russian Federation;

the southern section of the border of the Russian Federation with the Republic of Georgia adjacent to the territory of the North Ossetian SSR and the Ingush Republic.

2. Organs of internal affairs of the Russian Federation and federal security organs will undertake measures, with the participation of the Russian Federation Ministry of Defense, to ensure the preservation of law and order on the boundaries of the territory of implementation of the state of emergency and to prevent the unsupervised passage across these boundaries of weapons, ammunition, explosives, and combat equipment.

3. To impose responsibility for implementation of this edict upon the chief of Provisional Administration in the territories of the North Ossetian SSR and the Ingush Republic.

4. This edict enters into force from the moment of its signing.

[Signed] President of the Russian Federation
B. Yeltsin

Moscow, the Kremlin, 12 November 1992
No. 1350

Decree on Aid to Ossetia, Ingushetia

935D0106B Moscow ROSSIYSKIYE VESTI in Russian
18 Nov 92 p 2

["Decree No. 864 of the Russian Federation Government, dated 11 November 1992, City of Moscow: On Pressing Measures To Render Urgent Assistance to the Population Suffering as a Result of Interethnic Conflict in the Territory of the North Ossetian SSR and Ingush Republic"]

[Text] In fulfillment of Edict No. 1327 of the president of the Russian Federation dated 2 November 1992, "On Introduction of a State of Emergency in the Territory of the North Ossetian Soviet Socialist Republic [SSR] and the Ingush Republic," with the aim of rendering urgent assistance to the population which has suffered as a result of interethnic strife, the Russian Federation Government decrees:

1. That the Russian Federation Ministry of Public Health, Russian Federation Ministry of Defense, Russian Federation Committee for State Reserves, Russian Federation Committee on Trade, and the corporations Roskhléboprodukt and Roskontrakt, with participation of the Russian Federation State Committee on Civil Defense, Emergency Situations, and Elimination of the Consequences of Natural Disasters, will ensure proper organization of efforts to effect deliveries of necessary medical, food, and other material resources, upon requisition of the Provisional Administration, within the zone of implementation of the state of emergency.

2. That the corporation Roskhléboprodukt will ensure monthly deliveries of grain to flour mills located within the zone of implementation of the state of emergency, so as to produce flour in the volumes established for previous years.

That the Russian Federation Committee on Trade and the corporation Roskhléboprodukt will effect the following supplementary market-fund allocations for the fourth quarter of 1992: for the North Ossetian SSR, with respect to flour—1,500 tonnes, groats—100 tonnes; for the Ingush Republic, with respect to flour—1,300 tonnes, groats—50 tonnes.

3. That the Russian Federation Committee for State Reserves will allocate to the Russian Federation State Committee on Civil Defense, Emergency Situations, and Elimination of the Consequences of Natural Disasters, for the suffering population and for the conduct of efforts in the state-of-emergency zone:

150 tonnes of sugar, 200,000 standard cans of meat and canned milk, including 45,000 standard cans of baby food, 60 tonnes of butter, and five tonnes of tea;

three RAF minibuses, 10 UAZ-AS vehicles, four Volga automobiles, four UAZ vehicles, five Niva vehicles;

three video cameras, two typewriters.

That the Russian Federation Ministry of Economics and Russian Federation Committee on Trade will provide for the return of the allocated resources to state reserves during the first quarter of 1993.

4. That the Russian Federation Fuel and Energy Ministry will ensure deliveries to the Russian Federation Ministry of Defense (upon its order) of: aviation kerosene—5,000 tonnes, motor vehicle gasoline—2,000 tonnes, diesel fuel—3,000 tonnes, lighting kerosene—100,000 tonnes, and bituminous coal—2,300 tonnes.

5. That the Russian Federation Ministry of Transportation, Russian Federation Railways Ministry, and Russian Federation Ministry of Defense will allocate, upon orders of the Provisional Administration in the state-of-emergency implementation zone, air, motor vehicle, and railroad transportation for the shipment of freight providing assistance to victims and refugees.

6. That the Russian Federation Ministry of Internal Affairs will provide security and accompany freight shipments.

7. To entrust the Russian Federation State Committee on Civil Defense, Emergency Situations, and Elimination of the Consequences of Natural Disasters to effect coordination, upon agreement with the Provisional Administration in the state-of-emergency implementation zone, of efforts to organize and dispatch freight shipments.

8. To adopt the proposal of the Russian Federal Migration Service on the allocation of R12 million [rubles] for the special-purpose designation of covering expenditures for the upkeep of citizens evacuated from the state-of-emergency implementation zone, out of funds designated for implementation of the "Migration" program.

9. To concur with decisions adopted by the Provisional Administration in the state-of-emergency implementation zone (Protocol No. 1 dated 2 November 1992 and Resolution No. 3 dated 9 November 1992) on the amounts of payment and social guarantees to military servicemen of the Armed Forces attached to the Provisional Administration in the state-of-emergency implementation zone and employees of Russian Federation ministries and departments, including individuals assigned on temporary duty to the state-of-emergency implementation zone (from 2 November 1992 on), who belong to the Provisional Administration in the state-of-emergency implementation zone.

To establish daily expenditures for persons sent to the state-of-emergency implementation zone who do not belong to the Provisional Administration in the state-of-emergency implementation zone in the amount of three times the regular amount.

10. That the North Ossetian SSR Council of Ministers and the representative of the Russian Federation president in the Ingush Republic, with the participation of

concerned Russian Federation ministries and departments, will determine damages incurred to the economy of these republics, draw up and implement measures for eliminating the consequences of the interethnic conflict, and present proposals with respect to those matters which require decision on the part of the Russian Federation Government.

11. That the Russian Federation Ministry of Finances will allocate to the Russian Federation State Committee on Civil Defense, Emergency Situations, and Elimination of the Consequences of Natural Disasters, in November-December 1992, a budgetary loan of R650 million from the Russian Federation republic budget for the purchase and shipment of material-technical resources and food products, which will subsequently be attributed to the account of future crediting and financing from the Russian Federation republic budget of expenditures for emergency restorative efforts in the territories of the North Ossetian SSR and Ingush Republic.

12. To establish the authorized strength of the Provisional Administration in the state-of-emergency implementation zone as comprising 233 individuals, and expenditures for their upkeep over the period of implementation of the state of emergency (from 2 November through 2 December 1992) as being R100.7 million.

The financing of activity of the Provisional Administration in the state-of-emergency implementation zone will be effected through funds of the Russian Federation republic budget.

13. That the Russian Federation Ministry of Finances will allocate to the Russian Federation Ministry of Public Health R75 million for the establishment of reserve stocks of medicines and products of medical designation.

The Russian Federation Ministry of Finances will determine, upon submission of proposals on refining the Russian Federation budgetary system for 1992 to the Russian Federation Government, sources for increasing the reserve fund of the Russian Federation Government.

14. That the Russian Federation Ministry of Transportation will reassign two helicopters from the medical aviation detachment in the city of Nalchik to the Beslan airport and provide for their round-the-clock operation. The crews of these helicopters will be made operationally subordinate to the Provisional Administration in the state-of-emergency implementation zone.

15. That the Provisional Administration in the state-of-emergency implementation zone will provide medical support for refugees according to previously adopted decisions of the Russian Federation Government.

[Signed] Ye. Gaydar

Commission 'for Repressed Peoples' Head on Ingush-Ossetian Strife

934C0338A Moscow ROSSIYSKAYA GAZETA
in Russian 14 Nov 92 p 5

[Interview with Anatoliy Vasilyevich Anikiyev, chairman of the Commission on Repressed and Deported National Groups of the Council of Nationalities, by correspondent Pavel Anokhin; date and place not given: "If You Want To Be Free, Become a Slave to the Law"]

[Text] In a conversation with a ROSSIYSKAYA GAZETA correspondent, Anatoliy Anikiyev, chairman of the Commission on Repressed and Deported National Groups of the Council of Nationalities of the Russian Federation Supreme Soviet, analyzed the causes of the Ingush-Ossetian armed conflict.

[Anokhin] Anatoliy Vasilyevich, you have extensive information about the events in North Ossetia. What do you think led up to the outburst of violence in the region?

[Anikiyev] Let me remind you, please, of Cicero's wise statement: "To become free, we must be slaves to the law." The events in North Ossetia confirm this. Both the administration and the Supreme Soviet of the Russian Federation knew that the sociopolitical situation in Prigorodnyy Rayon in North Ossetia was being exacerbated under the influence of nationalist radical extremists. By October the atmosphere was so tense that any excuse would have been enough to start the armed conflict. This excuse was soon found.

On 20 October a young Ingush woman was fatally injured by an armored personnel carrier of the North Ossetian Ministry of Internal Affairs. When a team of investigators from the ministry arrived at the scene of the accident, they were greeted with gunfire by the Ingush living there. This was the start of the barricades in the Ingush communities, the blocking of highways, and the mass unrest.

[Anokhin] These are the actual incidents leading up to what happened, but there were probably deeper causes.

[Anikiyev] Of course there were. Here are the main ones: the mutual claims of North Ossetia and Ingushetia to part of the territory of Prigorodnyy Rayon; the socioeconomic problems in the region; and the dissatisfaction with the Russian Federation Government's lack of progress in implementing the Law "On the Creation of the Ingush Republic of the Russian Federation."

[Anokhin] But we often hear the same complaints about the Russian Supreme Soviet: It passed the law creating the Ingush Republic, but it did not plan the mechanism of its implementation.

[Anikiyev] Unfortunately, the news media, especially television, have been relentless in communicating this point of view. It looks to me like dubious provocation with the intention of discrediting the Supreme Soviet. A

mechanism was planned for the peaceful enactment of the law: There was to be a transition period, lasting from the present time to March 1994, for the resolution of problems in the creation of the Ingush Republic, including the settlement of territorial disputes; agencies representing the president and the Supreme Soviet were to be opened in Ingushetia; the head of a provisional administration was appointed. Specific objectives and the dates of their attainment were stated. In particular, a government commission was instructed to submit proposals on the Ingush Republic border to the Russian parliament before 31 December 1993.

The decree of the Supreme Soviet "On the Procedure for Implementing the Law of the Russian Federation 'On the Creation of the Ingush Republic of the Russian Federation'" set additional assignments for the government and its commission on North Ossetia and Ingushetia. The completion of these assignments would have prevented the armed conflict.

Unfortunately, the government and its commission took virtually no steps at all, in spite of numerous demands, appeals, requests, reminders, and notes with specific suggestions signed by R. Khasbulatov, S. Filatov, R. Abdulatipov, and myself. The agreement of the Ossetian and Ingush sides to begin negotiating their territorial disputes, an agreement which the Supreme Soviet had taken so much trouble to achieve, was thwarted by Chairman Valeriy Tishkov of the State Committee on Ethnic Policy.

[Anokhin] Did the government take any steps to stop the bloodshed?

[Anikiyev] In the very first hours of the conflict the Government of the Russian Federation and local government agencies were trying to localize the conflict and prevent the seizure of vitally important facilities, arms and ammunition depots, and other military property.

In response to the growth of the conflict, accompanied by the use of weapons and military hardware and rising casualty figures, President Boris Yeltsin of the Russian Federation declared a state of emergency in North Ossetia and Ingushetia on 2 November.

Subunits of the Ministry of Defense, internal troops, and the Ministry of Internal Affairs of the Russian Federation were sent to secure the state of emergency in Ingushetia.

The Supreme Soviet—as you know—made several decisions. It sent a group of people's deputies of the Russian Federation to the conflict zone. They are assisting in the peaceful resolution of the conflict by enforcing the state of emergency within strictly legal guidelines and organizing practical aid to refugees, hostages, and the families of the deceased....

[Anokhin] Whenever the conversation turns to armed conflicts and unrest in "hot spots," almost everyone is upset about the impunity of the persons responsible and

the failure of judicial authorities to take action. Has anything been done about this?

[Anikiyev] Procurator General Valentin Stepankov sent a group of procurators, investigators, and experts, headed by administration Chief V. Titov, to the conflict zone. Since 11 November it has been headed by Deputy Procurator General Ye. Lisov. Six investigative teams were formed to ascertain the facts of killings and deaths, record the circumstances, and draw up the necessary procedural documents. So far, 41 criminal cases have been brought to trial.

Unfortunately, there have been several delays in the Procurator General's investigation of the causes of the conflict, envisaged in the decree of the Russian Federation Supreme Soviet.

[Anokhin] Judging by news reports, the situation in North Ossetia and Ingushetia is still extremely complex. What do you think should be done first to keep the constructive dialogue going between the two sides?

[Anikiyev] The government should begin by augmenting the role and responsibility of the provisional administration for North Ossetia and Ingushetia and demand that it discharge all of its duties in full throughout the area, including the territory of Ingushetia. Then it must see to the strict enforcement of the law on the state of emergency by all of the parties involved in the conflict and ministries of internal affairs, security, and defense, and disarm illegal armed units in North Ossetia and in Ingushetia.

Arrangements must be made for the immediate and unconditional exchange and release of all hostages and the unimpeded burial of the dead in their own communities. All harassment, acts of violence against civilians, raiding, and looting must be stopped, and refugees must be offered practical assistance and returned to their own communities under the supervision of forces of the Russian Federation Ministry of Internal Affairs. I think all of the Ingush rural communities in Prigorodnyy Rayon should be guarded by internal troops.

After this has been done, Supreme Soviet commissions and committees will have to draw up a legislative act without delay to exclude the possibility of the creation of illegal armed groups in any part of Russia and the possibility of the proliferation of weapons. There should be a parliamentary inquiry into the mass transfer of weapons to various unconstitutional groups.

The success of all this will depend largely on journalists. The objective coverage of events is exceptionally important today.

[Anokhin] In this context, I would like to ask you about something that bothers the Ingush I have spoken with recently. They allege that the Russian troops support the Ossetians in this conflict.

[Anikiyev] When the two sides plead their case to Russia, each tries to put most of the blame on the other. At the

start of the conflict the subunits of internal troops and the Ministry of Defense were sent to the zone of armed conflict in Prigorodnyy Rayon, which is part of North Ossetia. This fact is probably being used by those who allege that Russia supports the Ossetian side. In general, the state of emergency should have been enforced simultaneously in North Ossetia and in Ingushetia. Then there would have been no pretext for these accusations and resentment, and the whole experience would not have been less disturbing. Unfortunately, this was not done. Internal troops were not sent to enforce the state of emergency in Ingushetia until about a week later, and this complicated the situation, but this is not a reason to deliberate the withdrawal of the troops from that region. If the national leadership does make that decision, I feel it will injure Russia's state interests and damage morale in the Russian community.

Chechnya-Ingushetia Border Volatile Issue

934C0337B Moscow ROSSIYSKIYE VESTI in Russian
14 Nov 92 p 1

[Article by Sergey Karkhanin: "North Ossetia-Ingushetia: Clouds Over the Mountains"]

[Text] And so another mine placed by the amorphous law on rehabilitation of repressed peoples might explode. As we know, there is no clear border between Ingushetia and Chechnya, and this has given rise to the problem of the disputed territories now occupied by Russian troops. Armenian subdivisions—which were to have left these regions according to the preliminary agreement between General R. Aushev, who is authorized by the temporary administration in Ingushetia, and the representatives of D. Dudayev—are still on the Sernovodskaya-Assinovskaya border in Sunzhenskiy Rayon.

Concentrated approximately a kilometer and a half away from them are detachments of armed Chechens, who are receiving help from volunteers from the internal regions of Chechnya. The state of emergency declared by D. Dudayev has not been lifted.

In the news bureau of the Government of Russia it was explained that the troop withdrawal was halted since Chechen armed formations and armored equipment had been brought into the border regions.

In turn, Dzhokhar Dudayev, in a television interview, called the halting of the Russian troop withdrawal "treachery" and appealed for all citizens of Chechnya "to expel the Russian troops from the republic by force." But the chairman of the Chechnya parliament, Khusain Akhmedov, emphasized in his speech that there can be no military solution to the conflict between Chechnya and Russia.

The deputy chairman of the temporary administration, A. Kotenkov, an experienced lawyer and combat officer with experience working in "hot spots," confirmed that the administration will not be located in Vladikavkaz

and the main task now is to arrange its activity efficiently. This is important because, among other things, according to the Statute on the Temporary Administration, which was approved by the president of Russia, the head of the temporary administration was given a certain amount of coordination authority not only in the emergency zone but also in Kabardino-Balkaria, Karachay-Cherkessia, Adygea, Krasnodar and Stavropol Krays, and Rostov Oblast.

Interim Statute on North Ossetia

934C0342A Moscow ROSSIYSKAYA GAZETA
in Russian 14 Nov 92 p 5

["Statute on Interim Administration on Territories of North Ossetian SSR and Ingush Republic"]

[Text]

1. The interim administration on the territories of the North Ossetian SSR and Ingush Republic (henceforth—interim administration) is a temporary federal state organ which enforces conditions of the state of emergency in keeping with the edict of the president of the Russian Federation of 2 November 1992, No. 1327, "On Introduction of a State of Emergency on the Territory of the North Ossetian SSR and the Ingush Republic."

The interim administration was created by the edict of the president of the Russian Federation of 2 November 1992, No. 1327, "On Introduction of a State of Emergency on the Territory of the North Ossetian SSR and the Ingush Republic" on the basis of Articles 15, 16, and 17 of the RSFSR Law of 17 May 1991 "On the State of Emergency."

2. The interim administration consists of the head of the interim administration, his deputies, the staff of the interim administration, and other administrative structures under the jurisdiction of the head of the interim administration.

3. The interim administration is in charge of the system of organs of executive power on the territories of the North Ossetian SSR and the Ingush Republic for the period of the state of emergency.

The interim administration:

is in charge of the activity of all state enterprises, institutions, and organizations for providing for normal activity of population points of the North Ossetian SSR and the Ingush Republic;

organizes the provision of population points with food products and other necessities;

takes the necessary measures for placement and protection of citizens forced to abandon their permanent places of residence and provision of food and other necessities for them.

4. In order to enforce the conditions of the state of emergency, the interim administration:

takes measures to prevent rallies, parades, and street demonstrations, and also other mass measures;

takes measures to prevent strikes;

is in charge of the confiscation from citizens, enterprises, and organizations of firearms and cold steel, ammunition, toxic and explosive substances, and also from enterprises and organizations—radioactive substances and military equipment;

establishes special entry and exit conditions and also a special policy for traffic in the emergency zone, including inspection of means of transportation;

establishes increased protection of public order and of objects that provide for the life activity of the population;

after preliminary warning, halts the activity of social organizations and mass movements impeding normalization of the situation;

establishes visas and conditions for inspection of documents and in exceptional cases—when there is evidence that citizens are keeping weapons—inspection of personal effects, housing, and means of transportation;

makes decisions to expel violators of public order who are not residents of the given locality to their place of permanent residence or outside the territory on which the state of emergency has been introduced, at their own expense.

5. The head of the interim administration and his deputies are appointed by the president of the Russian Federation.

The head of the interim administration answers directly to the president of the Russian Federation.

6. The head of the interim administration:

forms the interim administration and hires and fires its officials;

relieves leaders and officials of executive power of their duties if they violate the laws of the Russian Federation, the edicts of the president of the Russian Federation, or the conditions of the state of emergency, and also if they fail to follow the orders and instructions of the head of the interim administration;

terminates the authority of rayon, city, rural, and village soviets of people's deputies for the period of the state of emergency if they violate the laws of the Russian Federation, the edicts of the president of the Russian Federation, or the conditions of the state of emergency, and also if they fail to follow the orders and instructions of the head of the interim administration;

rescinds acts of rayon, city, rural, and villages soviets of people's deputies if they violate the laws of the Russian Federation, the edicts of the president of the Russian Federation, or the conditions of the state of emergency, and also if they contradict the orders and instructions of the head of the interim administration.

7. The head of the interim administration within the limits of his authority publishes orders and instructions that are mandatory for all citizens and officials throughout the entire territory to which the state of emergency extends.

8. The head of the interim administration interacts with organs of executive power of the Kabardino-Balkar Republic, the Karachay-Cherkess SSR, the Republic of Adygea, Krasnodar Kray, Stavropol Kray, and Rostov Oblast concerning issues related to the enforcement of the conditions of the state of emergency in the North Ossetian SSR and the Ingush Republic.

Decisions of the head of the interim administration are mandatory for execution by all enterprises, organizations, and institutions located on the territories of the North Ossetian SSR and the Ingush Republic, officials, and citizens.

The head of the interim administration is in charge of the activity of federal organs of executive power in Kabardino-Balkar Republic, the Karachay-Cherkess SSR, the Republic of Adygea, Krasnodar Kray, Stavropol Kray, and Rostov Oblast concerning questions related to the enforcement of the conditions of the state of emergency in the North Ossetian SSR and the Ingush Republic.

9. The head of the interim administration is in charge of the activity of organs, forces, means, and armed formations of the Ministry of Internal Affairs of the Russian Federation and the Ministry of Security of the Russian Federation located on the territories of the Kabardino-Balkar Republic, the Karachay-Cherkess SSR, the Republic of Adygea, Krasnodar Kray, Stavropol Kray, and Rostov Oblast concerning questions related to enforcement of the conditions of the state of emergency in the North Ossetian SSR and the Ingush Republic.

Commanders (chiefs) of military units and institutions of the Armed Forces of the Russian Federation stationed on territories of the North Ossetian SSR, Kabardino-Balkar Republic, the Karachay-Cherkess SSR, the Republic of Adygea, Krasnodar Kray, Stavropol Kray, and Rostov Oblast follow orders and instructions from the head of the interim administration pertaining to enforcing the conditions of the state of emergency.

10. The interim administration is a legal entity and has a stamp depicting the state seal of the Russian Federation and its name.

The location of the interim administration is established by its head.

Roots of Conflict in North Caucasus Analyzed

934C0287B Moscow IZVESTIYA in Russian 6 Nov 92
Morning Edition p 2

[Article by Emil Pain, director of the Center for Ethnopolitical Research, and Arkadiy Popov, senior analyst: "The Flame of the Caucasus War—Retribution for Legal and Political Mistakes"]

[Text] The first armed conflict has broken out on the territory of Russia. When it is said that its causes are in the chronic dispute over the land that was taken from the Ingush in 1944 in favor of the Ossetians and never returned, then this is only part of the truth. No less a role was played here by recent events. It can be said without exaggeration that literally all of the ethnopolitical problems of the postimperial society are concentrated in the Ossetia-Ingush conflict.

It is quite natural that the struggle for national-state self-determination, which always gives rise to territorial redistributions and ethnic resettlements, should have entailed especially tragic consequences in the Caucasus, with its unique ethnic strip-holding of land.

However, the increase in armed conflicts in the Caucasus would not bear the features of an avalanche if they were caused only by objective preconditions. But after all, each of them, including the Ossetian-Ingush conflict, are not only the result of flagrant political miscalculations, but also of malicious intent.

An example of political dilettantism and irresponsibility can be seen in the sixth paragraph of the Russian law "On the Rehabilitation of Repressed Peoples," which envisions the return of deported people to the lands that they lived on before the beginning of the repressions, but which does not contain any kind of specific mechanism for the peaceful resolution of territorial disputes.

One of the authors of this article, among many other experts, warned the parliamentarians of the possible legal consequences of such a judicial norm even in the very early stages of the development of the draft law on rehabilitation. But at that time, at the beginning of 1991, the Russian deputies wanted very much to show themselves to be bigger "democrats" than their colleagues in the Union parliament, which had just adopted a declaration on the rights of deported peoples, without an article on their territorial rehabilitation.

There is no such article in the legislation of other countries either, and in international documents, which is not accidental. Only in empires is it possible arbitrarily to change the administrative borders of ethnic territories "from above." But in democratic republics, and especially in federative ones, the supreme authority can only create the conditions for negotiations on the territorial question between different subjects (especially if the question concerns national state formations), and to perform as the guarantor of the implementation of agreements reached between them.

Now the Russian parliament has adopted a resolution on a moratorium on any territorial redistributions before 1995. It would seem that the mistake was corrected, but parliament is not the Church, where sins are forgiven for repentance. Also, the sense of responsibility of a legislator is the ability to realize that some legal and political errors can be irreparable. Who, for example, can guarantee that the time of the moratorium will not be used for the accumulation of forces or that it will not become a period of constant arbitrary attacks for the violent return of "legal" territory?

The law on return that was adopted by the Russian parliament is in effect. It served as a powerful impulse for the activation of the Ingush movement for the return of the lands of the Prigorodnyy Rayon, which is now a part of North Ossetia. The idea of the revival of Ingushetia in its historical borders became dominant in the mass consciousness. It became even stronger after Yeltsin, in the course of his pre-election campaign, promised the Ingush that he would resolve their problem by the end of 1991. The Ingush believed and unanimously voted for the first president of Russia. But then in January, the date of the presidential promise expired—there was a rally in Nazran, the people were indignant, and the politically moderate people's soviet of Ingushetia, which was oriented toward Russia, began to lose supporters, and at the same time, the prestige of the organization Niyekho (Justice), which set as its main goal the return of the Prigorodnyy Rayon, grew.

But what can be said about the law of the Russian Federation concerning the formation of an Ingush Republic, whose borders are not defined? If there are no borders, authorities cannot be elected, and their place is filled by semilegal organizations that are not responsible for providing the daily needs of their citizens and that can concentrate exclusively on the defense of the national idea.

But immediately after the adoption of this law in July 1992, a mass rally gathered in Nazran which gave instructions to the authorities of the Malgobeykiy, Nazranovskiy, and Sunzhenskiy Rayons to establish volunteer people's patrols. But if the Ingush establish combat detachments, then the Ossetians will not sit back with arms folded either. As early as July, skirmishes between the Ingush and Ossetian communities of the Prigorodnyy Rayon almost became the norm in connection with the seizure of cattle, land, and kolkhoz property. A state of emergency was declared in the rayon, and subunits of the Ministry of Internal Affairs were brought in. But when hundreds of armed people with armored equipment are concentrated in a small area that is burning red-hot with mutual hatred, casualties cannot be avoided, and they, in turn, foster irreconcilability.

Many today in Russian society think that armed conflicts are a consequence of the "orgy of democracy," and that if authoritarian power took its place, then there would be no conflicts. But the experience of the development of conflicts in the North Caucasus and even in

other regions of the former Union shows exactly the profound error of such thinking. The absence of opportunities for the expression of democratic will pushes national movements onto the path of illegal acts and even of terrorism; it blocks the path of moderate political forces, and it creates conditions for the actions of extremists.

The institution of military proxies also does not justify itself. Thus, in Ingushetia in July, Viktor Yermashev was designated the official representative of Russian authority. Possibly, he is a good general, but his quality as a politician is indicated by the proposal to conduct the elections of deputies to the Supreme Soviet of the Ingush Republic in four rayons, including the one which is located on the territory of North Ossetia. As soon as the people here learned of this proposal, they became agitated and immediately sent a delegation to Moscow.

We are far from reproaching the Ingush for aggressive intentions. This long-suffering people, however, like the Ossetians, has once again turned out to be the victim of irresponsibility. And if it were only irresponsibility....

The open cheap politicking and the juggling with national and patriotic slogans today have almost become the main source of the escalation of ethno-political conflicts. Thus, a member of the Presidium of the Supreme Soviet publicly declared that it is not necessary to "absolutize" the borders between the republics of the former USSR, and an adviser to the president thinks that military assistance to "spiritually and historically related peoples" is permissible. Was it not with their blessing that the leaders of the Confederation of Mountain People [KGNK] assembled volunteer detachments for battles on the Abkhaz front? According to reports being received from the theater of military operations in North Ossetia, assistance to "related people" of the warring sides also cannot be excluded, and there is no point in even talking about respect for borders.

The leaders of the Confederation of the Peoples of the Caucasus (that is what the former KGNK is called) more than once declared their aspirations to establish peace in the Caucasus. This public organization should direct all of its considerable prestige to a settlement between the Ingush and the Ossetians—members of the Confederation. But no, political dividends are not gained from peacekeeping, and you will have no national heroes. War is another matter—it is profitable, and not only in the political sense.

Today, the ideology of violence, sabotage, and hostage-taking is becoming the norm in the North Caucasus—a daily act, and the process of the criminalization of politics is assuming an irreversible character; but the main thing is that the number of casualties is mounting. In just a few days at the beginning of November, dozens of people were killed and hundreds were wounded from both sides in the Ossetia-Ingush conflict. Under these conditions, the institution of a state of emergency in North Ossetia and Ingushetia and the establishment of a

temporary administration should be viewed as an inevitable and justifiable measures. Criminal force must be opposed by the force of the law. It is another matter that the Caucasus "knot" cannot be cut by force—it can only be cut by means of disarming the militants—Ingush, Ossetian, Cossack, and others—and under conditions of at least some kind of normalization of the situation and the beginning of negotiations.

A radical resolution of the very complex ethno-political problems in this region will require a long time, and it will become possible only when the people stop offering themselves and others as a sacrifice to an idol—the idea of national statehood.

'Small Nations' Search for Solutions

'Small Nations' Address World Governments

934C0302A Moscow *FEDERATSIYA* in Russian No 45, 5-11 Nov 92 p 6

[Editorial introduction under banner: "The drive to develop new economic regions is encroaching upon the rights of native populations and bringing small nationalities to the brink of extinction."]

[Text] The International League of Small Nationalities and Ethnic Groups might also be called, figuratively speaking, the League of Nations of the Russian Peoples; for it is the first public organization of its kind in this country to face the formidable task of forging unity and solidarity of effort not only among Russians but ethnic minority groups.

The new organization presented its credentials in the Kremlin a few days ago. It was an occasion all the more significant for the fact that the year 1993 has been declared by the United Nations "The International Year of Aboriginal and Indigenous Peoples."

The following collection of related articles, assembled by *FEDERATSIYA* columnist Georgiy Marokhovskiy, focuses attention upon the problems currently encountered by ethnic minority groups in their efforts to achieve national regeneration.

Appeal by the International League of Small Nationalities and Ethnic Groups to the Governments and Parliamentary Bodies of All Nations and to World Public Opinion

It is a source of profound dismay that the progress achieved by five continents and island civilizations in social, political, economic, and cultural conditions has aggravated problems related to the living conditions of small nationalities and ethnic groups which for the most part do not have national identities or permanent territories of their own.

These problems have been brought about by the historical circumstances surrounding national expansion, accompanied by an incursion of resource-seeking technology in the drive to develop new regions. In pursuing

their own interests, the large nations have encroached upon the indigenous inhabitants of these regions, many of whom find themselves today facing the prospect of extinction and the annihilation of the very history of their existence.

Recently, these problems have been under review by the governments, parliamentary bodies, and public organizations in many countries of the world. At the initiative of the United Nations, the year 1993 has been declared the Year of Aboriginal and Indigenous Peoples. Attaching important moral and social significance to the UN initiative, the parliament and government of the Russian Republic has adopted a number of important, specific decisions directed at the regeneration and development of small nationalities and ethnic groups residing on the territory of the Russian Federation; it has also lent its support to the establishment of the International League of Small Nationalities as an influential public movement. This demonstration of concern attests to an irreversible process of moral and spiritual regeneration in our nation with the establishment of a law-governed state.

Today the problem of safeguarding the social, economic, and cultural regeneration and growth—as well as the genetic heritage—of these small nationalities and ethnic groups may be resolved only in coordination with state, public, and private institutions, together with the initiative and concerted efforts of individual citizens.

The activities of the International League, which will be carried out in coordination with many organizations, whether under the aegis of the United Nations or not, and in compliance with the canons of international law and the national laws of the world community of nations, will have the following objectives:

- Consolidating efforts by governments, public and private institutions, and individual citizens of nations on every continent, together with intergovernmental and interethnic, public and private organizations, working in the interests of preserving, regenerating, and developing small ethnic groups adequately to meet the needs of contemporary living standards;
- Providing material, intellectual, and cultural assistance through state, interstate, and other types of programs and projects designed to create social and cultural conditions for improving the lives of small ethnic groups and their employment, with due regard for historical customs and traditions in their cultural context;
- Assisting programs designed to save, restore, and preserve the genetic heritage of small ethnic communities and to improve their mental and physical health through traditional practices of folk medicine as well as modern methods of treatment, relying on the experience and practice of many centuries accumulated by the peoples of the world as well as on contemporary achievements in the processing and exchange of data in animate and inanimate nature;

- Sociological and ecological monitoring on a continuous basis of the territories inhabited by small ethnic communities; predicting extreme or unusual situations of a socioeconomic or ecological nature; and taking precautions to give early warning and render assistance required;
- Drawing and holding the interest of the world community and individual states, so that attention remains focused upon the problems of small ethnic communities, while acting in defense of their interests, rights, and freedoms in the international arena.

The noble goals and objectives, as proclaimed in the League's policy documents, won the support of all representatives of small nations and ethnic groups, as well as attending foreign guests, at a recent meeting as well as the government and parliament of the Russian Federation, and they make a substantial contribution to the multifaceted efforts of the United Nations to resolve global problems of universal concern to humanity.

We call upon all governments, upon national, public, and private organizations, upon individual institutions and enterprises, and upon private citizens in all countries of the world who share the objectives of the League to participate in its activities by rendering material and financial support as associate members and sponsors. Your participation will serve a noble purpose: the rebirth and growth of small nationalities in the family of man on our planet.

'League of Russian Small Nations' Seeks New Paths

934C0302B Moscow FEDERATSIYA in Russian No 45, 5-11 Nov 92 p 6

[Interview with Yevdokiya Aleksandrova Gayer, general secretary of the International League of Small Nationalities and Ethnic Groups, by FEDERATSIYA correspondent Georgiy Marokhovskiy: "Natives Without a Country"]

[Text] Where for centuries their forefathers grazed reindeer herds, fished, grew grain, raised children, they live on, as if it were their own land...

How are these people to go on living? What can be done? This is the key question responded to in the following interview by the leader of Russia's indigenous peoples, Yevkokiya Aleksandrovna Gayer. She is the general secretary of the International League of Small Nationalities and Ethnic Groups and the academic secretary of that section of the Russian Academy of Natural Sciences which is engaged in the study of Russia's indigenous peoples.

[Marokhovskiy] Before beginning our discussion, I would like you to tell our readers about the policy objectives of the League.

[Gayer] According to the League Charter, our goal is to support public initiatives drawing upon the economic,

intellectual, and cultural potential of Russia, the CIS member nations, and the world community in order to create the best living conditions possible for ethnic minorities. I am talking not only about indigenous peoples living in the Russian Federation, but those in other nations on all continents, including those who have been dispersed and lack national identities of their own. That is our long-term objective. Today, however, the League is in practice working within the territories of the Russian Federation, Ukraine, Kazakhstan, and Kyrgyzstan.

The League registered with the Ministry of Justice as a new international public association on 25 August of this year—as it happened, on the eve of passage of a new law entitled "Legal Principles Regarding the Status of Small Ethnic Groups in the Russian Federation." This coincidence would seem to underscore the role that our organization is being called upon to play in addressing the problems of the small nations and ethnic groups. The League is committed to the principles embodied in the United Nations Charter.

[Marokhovskiy] What kind of practical activities do you envision for the League to engage in? Specifically, how can this new international public organization be of assistance to indigenous peoples?

[Gayer] First of all, we have decided to concentrate on studying the problems encountered by small nations and ethnic groups in their efforts to advance—social, economic, political, historical, cultural, and language problems, among others. We envision, too, having programs designed to improve the physical and mental health of indigenous peoples. In any event, we will try to consolidate efforts on the part of social organizations, business groups, and private citizens motivated by a desire to contribute, insofar as they can, to resolving the problems of regeneration, preservation, and development of aboriginal and indigenous peoples.

[Marokhovskiy] With regard to economic expansion and the increasing takeover of new territories, Russia, it must be borne in mind, is not the only country where native peoples are being crowded out of their traditional homelands or where they suffer privations and deprivation. Are you planning to draw on international experience in addressing this problem? Do you think it will be of help to you?

[Gayer] The League is now an active participant in the activities of various international organizations and forums. Recently, for example, we took part in the World Ecological Congress. Addressing the final session on problems of indigenous peoples in the North-Western territories, and speaking on behalf of the League, I made a whole series of proposals pertaining to environmental protection as well as to territorial and financial opportunities for the world community in order to preserve and regenerate the unique cultures of aboriginal and indigenous peoples. The League's activities and its

policy goals won the understanding and support of the UN general secretary, V. Gali [transliterated], on his recent visit to our country.

[Marokhovskiy] What in your view is the most important condition for finding a solution to the problems of the small nations and ethnic groups and for bringing about a regeneration of their cultural values together with a sense of national self-awareness?

[Gayer] I would rather not use this term "regeneration." Aside from giving them the land that belongs to them by right, there is a need only to create for the people conditions conducive to a normal way of life—that is, with due regard for the culture they belong to and what matters most to them. You remember, of course, the decree that came out in 1917 promulgating "Land to the peasants." To this very day it has not been fulfilled for Russians or Ukrainians or any other peoples, including the indigenous peoples who were there to begin with. In this respect I am not assigning emblems of rank to distinguish nationalities big or small. For we all have one goal: To make life better, fuller, and happier, so that each one may fulfill history's chance to contribute what is of value in his own culture to the treasury of the human heritage.

It is extremely difficult to find in encyclopedias or reference works any mention of the more than 100 nationalities and ethnic groups, large and small, now living in the territory of the Russian Federation. The information about the indigenous peoples contained in the third edition of the Soviet Encyclopedic Dictionary and in the Small Soviet Encyclopedia is incomplete. FEDERATSIYA has therefore no other option than to serve as an encyclopedia of the peoples of Russia; for it is the first to publish the following list of small ethnic groups of the Russian Federation which have not been separately identified in the 1989 State Census.

Small Nationalities, Ethnic Subgroups in the Russian Federation

Name of People [transliterated]	Approximate Number	Primary Settlement Region
Kaytagtsy	17,000	Dagestan Republic
Andiytsy	12,000	
Tsezy	7,000	
Karatintsy	6,000	
Tindintsy	5,000	
Akhvakhtsy	5,000	
Chamalintsy	4,000	
Kvanadintsy	[Not given]	
(bagylapy)	4,000	
Botlikhtsy	3,000	
Kubachintsy	3,000	
Bezhtintsy	2,500	
Godoberintsy	2,500	

Khvarshintsy	1,000	Udmurt Republic
Archintsy	1,000	
Gunzibtsy	600	
Ginukhtsy	600	
Besermyane	10,000	Krasnodar kray
Shapsugi	10,000	
Kumandintsy	[Not given]	Altay Republic
Chelkantisy	10,000	
Tubalary	[Not given]	Chelyabinsk Oblast
Nagaybaki	8,000	
Teleuty	3,500	Kemerovo Oblast, Altay Republic
Alyutortsy	2,000	Kamchatka Oblast
Chulymtsy	500	Krasnodar Kray, Tomsk Oblast
Tazy	200	Maritime Kray
Vod	200	Leningrad Oblast
Kereki	100	Magadan Oblast

Past Repression, Possible Opportunities for Ethnic Groups

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No 45, 5-11 Nov 92 p 6

[Article by Georgiy Markhovskiy: "What the Statistics Are Silent About"]

[Text] The State Census has shamefully hidden in the shadows of nonexistence not only the depletion of the earth's resources but almost half a million of its inhabitants, representing the small nationalities of Russia, each of which demands recognition and a resolution of its urgent national and ethnic problems.

Cultivation of the soil has always gone along with cultivation of mankind—as Academician Timiryazev once succinctly and justly observed in his diary; and no matter how sophisticated mankind may become in terms of material culture, his home has always been, continues to be, and will be the earth. Is this not why all peoples of the world give ritual expression to veneration of soil and water, of the taiga and tundra? Is this not why even today problems of human ecology are inseparable from those of Mother Nature, who nurtured in her cradle all cultures, big and small?

Alas, our nation for several decades has not had the strength or courage to pay the attention that it should to the protection of nature; nor has it been mindful of the traditional patterns of culture that enable small ethnic groups to survive—the problems besetting their rich cultural heritage. Until recently, in fact, even specialists have not had access to statistics on the ethnic composition of Russia. For example, according to the official 1989 State Census, there were 26 small nationalities and ethnic groups on record; whereas, in actual fact, there were more than 60 of them. Understandably, three years

after the census, no more than 40 of the small nationalities are to be found on the map of our country. It goes without saying that these peoples are living where they have lived traditionally, and even since prehistoric times. Official statistics, however, by remaining silent about them, simply consign them to oblivion. Yet they amount to three percent of the entire population of Russia; that is, neither more or less than 440,000 of our countrymen! There is, I think, no point in trying to explain anything to anyone who finds such statistics necessary. As they say, "No people—no problem."

The primitive ways of life of the national minorities of the Northern Caucasus and Siberia, of the Far East and the Far North, of the Kola Peninsula, the Urals, the Volga, and many other regions of Russia have been simply subsumed by the large nationalities in what amounts to an act of violence. So ancient customs have been destroyed; traditional survival skills set aside; native languages lost and forgotten; and the heritage handed down from one's ancestors—the collective consciousness of entire peoples—erased from memory. So many crucial issues of daily life—of economic, social, and cultural development—were disposed of in secret at a distance of thousands of kilometers from the ethnic groups concerned, without regard to the opinions of the small nationalities, which never received the guarantees and rights for which they suffered so long. Indeed, what point was there in having any rights when whole peoples simply disappeared from the national territories of Russia and the gaps were glossed over with sham statistics?

Today, a new era has come, and it is one that offers small nationalities an opportunity to unite their efforts and demand special validation of their legal status. In fact, a draft of legislation to this effect has already been written. No mention is made in it of any priority of small nationalities over others. Rather, it calls for real opportunities for the practical realization of principles of equality and peaceful coexistence among all nationalities, large and small, that belong to the family of Russians. The securing of "collective" rights for small nationalities will signify that they will at last achieve equality under Russian law. This means they will acquire the legal right to defend their interests through the judicial system.

This, in sum, was what was discussed at a meeting of the small nationalities and ethnic groups of Russia, Ukraine, Kazakhstan, and Kyrgyzstan, a few days ago in the Kremlin Palace of Congresses. The first of its kind in recent history, this meeting was organized by the International League of Small Nationalities and Ethnic Groups in joint sponsorship with other organizations, the most active of which was the Association for Assisting Regeneration and Rehabilitation.

Orenburg Admin Chief on Need for Strong Admin Authority

934C0180A Moscow ROSSIYSKIYE VESTI in Russian
15 Oct 92 p 2

[Interview with Vladimir Vasilyevich Yelagin, administration chief, Orenburg Oblast, by Valeriy Vadernikov in Orenburg; date not given: "Vladimir Yelagin: Local Authority Must Be Strong;" Current Concerns of the Oblast Administrative Chief.]

[Text] [Vadernikov] My interlocutor is Vladimir Vasilyevich Yelagin, administration chief of Orenburg Oblast. Our conversation began with the observation that in comparison with other regions where political, social, and other other storms are raging, the Orenburg area looks like some little island of stability and well-being.

[Yelagin] Outwardly, yes, but we are being torn by the same problems as everyone else. In a few days, I am due to have a difficult talk with Gaydar. It is a catastrophic situation; we do not have enough money. Where can we obtain it? It seemed that we almost found a way. The government passed a resolution approving a supplementary quota for us to sell oil and gas abroad. The quota is not small if we take into consideration that we are permitted to sell, before the end of the year, one million tonnes of oil out of the eight that we extract and 700,000 cubic meters of gas. The oblast budget should get around 6 billion rubles from this operation. But our quota was encumbered by customs duties. This means that we shall lose half the money. I shall try to convince the Acting Chairman of the Government to lift the duties.

[Vadernikov] The local administration—to use the terminology of past years—should be the "driving belt" of the Federal Government.... Does this jibe with your understanding of the roles of the center and the province with regard to reforms?

[Yelagin] Absolutely. We have the same policy, but this does not mean that we have to do everything they tell us. A division of authority between the center and the territory is not done by whimsy. We are not fighting for some sort of special Orenburg sovereignty. We need reasonable freedom of action.

What do I think are the current sins of our government? In principle, it makes good decisions, but the mechanism for implementing them is not always clear. It is not enough to say: "Do this, and here is your deadline." For example, what is happening today with regard to complying with the decree on allocating housing to servicemen? Centralized financing of construction was promised. There isn't any, because the three ministries that were given the responsibility for finding funds have not even moved a finger. They look at us, the local authorities, from on high. A dead end? We cannot do anything with our skimpy budget.

[Vadernikov] Orenburg Oblast is one of Russia's granaries. The pickets who are around the entrance to your residence say that waves from the "peasant war" have reached even our area.

[Yelagin] You know, I come from a village myself. This year I spent part of my vacation with my parents, helping mow the hay. So I can judge firsthand about village affairs. Moreover, I can tell a loudmouth from those who really care. The criticism that is leveled at the government and the administration is to a great extent very intelligent. I am convinced that the primary task today is to implement reforms in the village. Sometimes, though, we implement them without knowing what we are doing, and this brings poor results. I am not a conservative, but I think that these matters cannot be forced.

For decades we used force to try to rid the peasant of the idea of ownership, and now, in a matter of just a few months, we want him to return to what he was before. We have over 2,000 private farmers in our oblast. They are courageous people, and we are helping them as much as we can. But what can you do with the following facts: One "farmer's" garage burned down with four Toyotas in it. And that is what the loan was for. Another farmer, for a bottle of vodka, hired a kolkhoz tractor driver, using kolkhoz equipment, to plow his private land....

Well, they changed the kolkhoz to a joint-stock company, but what basic changes occurred? It changed only in name, but essentially it remained the same, and the management methods are the same. It would be a sin to raise one's arms against the kolkhozes and sovkhoses that received a profit of tens of millions of rubles this year for harvesting and turning in wheat, and selling hundreds of thousands of centners of grain to the state.

With regard to the agrarian workers who are holding meetings, many of their demands are justified. There are, however, organizations and people who want to gain authority for themselves in these matters. Basically, this comes from the trade unions, which do not know the situation well and heighten discontent, playing on people's emotions.

[Vadernikov] It is not a secret that in many regions, either open or hidden conflicts are going on between the Soviets and local administrations. What can you say about Orenburg Oblast?

[Yelagin] The root of the evil lies in the fact that the current model of cooperation between the executive and legislative authorities at the local level has completely tied up the executive authorities. For example, I cannot sign a single document, no matter how insignificant, without agreement from the oblast Soviet. But life goes on, and decisions have to be made today, and not in a month, when the oblast Soviet meets.

[Vadernikov] In connection with that, Vladimir Vasilyevich, here is a question: How often do the Soviets, large or small, torpedo decisions made by the administration?

[Yelagin] As yet, I do not think we have had any "torpedoes," although at the last session I did not succeed in convincing the deputies to delete the seventh point of a decree. Here is what I mean. A majority of deputies voted not to give the center funds received from the value added tax. They really became angry, because this is a federal tax, and all self-concocted manipulations with this tax are punishable by strict penalties. In the end, the seventh point made it on its own just the same, and the oblast prosecutor's office protested this illegal action.

At the same time this is a "warning bell" to the government. We are not against giving a part of the tax to the federal budget, but it has to be known exactly how much should be given to the center and how much to leave in the territory. Since ours is a federal republic, and we are the subjects of this federation, we cannot be indifferent to this kind of "bookkeeping." Today, though, this is the norm. Why are territories allowed to take only 19 percent for themselves? We are, after all, different, and this means that the percentage should also be differentiated.

[Vadernikov] You issued a directive firing a director of a local liquor distillery. You agreed with the directors that they would not increase their wages sky high. And what happened? The winemaker is still sitting in his place and has even initiated a lawsuit against you. The commanders of production gave themselves mind-boggling raises....

[Yelagin] The director of the liquor and vodka plant clearly went too far. The output is "floating" beyond the bounds of the oblast, and our budget is not getting a single kopek from it. Hundreds of thousands of decaliters of vodka turned up in commercial organizations, but for several months now, it has been impossible to trade in coupons for goods in state stores. The administration has no levers with which it can put pressure on the unrestrained director. It is the same situation with excessive wages. The enterprise is on the verge of bankruptcy and people have been laid off, but the manager buys himself a Mercedes. This is already a cause for serious social tension.

What can we do? Our powers extend only to the gates of the enterprise. And so you have it: We are allowed to do everything, except what we are not allowed to do. I think that the status of administration chiefs has to be more clearly defined. We do not want unlimited power, but give us the power to be able to function effectively.

Orenburg Oblast is truly considered to be a little island of stability, but it is not because this is the boondocks or the provinces. It is simply that people here have not forgotten how to work. They exhibit restraint and understanding of those complex processes that are taking place around us.

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About the interviewer:

Valeriy Ivanovich Vedernikov has been confirmed as staff correspondent for the South Ural region and Bashkortostan of the newspaper ROSSIYSKIYE VESTI.

He was born in 1954. After graduating from Ural State University, he worked in the Altay region, and subsequently, at central newspapers. In his first pieces for ROSSIYSKIYE VESTI, the author found an unusual twist to the subject of power by juxtaposing the concerns of executive organs in Orenburg today and eighty years ago....

The telephone number of the correspondents' center in Orenburg is: (353-00) 7-03-96; teletype 144202 "Shrift."

Novosibirsk Administrator Protests Demand To Limit Yeltsin's Power

934C0287A Moscow RABOCHAYA TRIBUNA
in Russian 6 Nov 92 p 2

[Article by Vyacheslav Nechipurenko, RABOCHAYA TRIBUNA correspondent: Chief Administrator Filed Protest"]

[Text] Even experienced politicians who participated in the recent Novosibirsk Oblast Soviet could hardly foresee its very unexpected finale. By a majority vote, the deputies passed two amendments to a draft resolution. And what kind of amendments! Declaring themselves in favor of holding the next Congress of People's Deputies in December, they recommended that additional powers of the Russian president be revoked, and they further voted to abolish the institution of the president altogether.

So do these amendments make any sense? Analysis shows that this is more likely an act of despair, with the purpose of drawing attention to their own problems.

In 10 months, the drop in industrial production reached more than 18 percent. The real threat of a complete shutdown has developed at many enterprises. According to the forecasts of experts, more than 50,000 persons in the region could end up unemployed. The situation is no better in the agrarian sector. The Siberians associate this difficult, if not to say more—critical—situation with the political center.

V. Mukha, the chief administrator, protested the decision of the session. He saw here a number of contradictions that ran counter not only to elementary logic, but also to existing laws. Using his plenary powers, the chief of administration suspended the hasty decision of the deputies.

WHEN THIS ISSUE WAS GOING TO PRESS

Yesterday, an extraordinary session of the Novosibirsk Oblast Soviet of People's Deputies revoked its previous

decision, in which it declared itself in favor of the abolition of the presidential form of rule in Russia.

Fate of Condemned in Butyrka Prison Viewed

934C0356A Moscow ARGUMENTY I FAKTY
in Russian No 45, Nov 92 p 5

[Article by unidentified ARGUMENTY I FAKTY correspondent: "Invitation to an Execution"]

[Text] The somber Pugachev Tower stands amid several prison blocks behind the walls of Butyrka, where, as it is recounted, sentences are carried out after which nothing exists but eternal silence. It is also said that, despite the guards here, ghosts wander around at night, and that little lights occasionally turn on and off... The guards who perform service around the tower do not know what is going on inside. They only see those who are brought here one time. The "executioners," the procurator, a doctor, and the chief of the prison work inside. "Capital punishment," it is also called "exceptional punishment," is a closely held secret. Therefore, it generates the most improbable rumors and conjectures.

It is not known how people are shot. There is a legend that under Stalin this was done by a woman from her preferred small arm—the Mauser. It is alleged that at one time she was raped, and that she dedicated her life to vengeance for her desecrated honor. Now, it is said that the sentenced person is let into a narrow corridor, the door behind him is closed, and then when he reaches a dead end, he is shot in the back of the head. According to another version, he is first measured for size and that the barrel of an automatic pistol is placed in a special narrow chamber that the bullet unerringly tears into the back of the head. In this case, a photo element operates which is turned on by an operator. Some say that several persons from the MVD [Ministry of Internal Troops] Internal Troops perform the execution by shooting. Five servicemen are issued four carbines with live ammunition, and one has blanks. No one knows who has what. However, the holes in the body are counted later. The doctor ascertains the death. Further, in the presence of the procurator and the chief of the prison, the body is placed in a special container for cremation. The ashes are scattered in the wind. The relatives of the executed person receive only a brief notice that the execution was carried out. One former guard of the outer perimeter of the tower claims that those who carry out the sentences serve only five years. But all of these rumors, unfortunately, are not confirmed or denied by the management of the isolation ward...

It cannot be said with certainty that we succeeded in opening up this secret somewhat, but we were permitted, nonetheless, to touch lightly on it. Officers are specially assigned for this work with those condemned to death. Accompanied by one of them, we went to a death cell. Incidentally, they try here not to use this term, and they always correct you: "Do not hurry, suddenly they will pardon..." In order to get to the bay where the cells of the

convicted persons are located, it is necessary to filter through several special "locks" made of iron doors, each of which opens only when the preceding one is closed. The guard detail of the "special" bay are not different in any way from the usual warders of Butyrka, and they are also armed only with rubber clubs.

Before opening a cell, the officer warns: "There is not much time... Do not ask why they were sentenced..." As a result they only hinted to us that those who are imprisoned here have more than one human life on their consciences...

Dmitriy Pikalov appeared to be about 23, and he immediately agreed to talk. But he was not alone in the cell. His cell "neighbor," on the other hand, turned away from us and demanded that he be taken out during the conversation.

"I have no complaints about the regimen and the upkeep. One thing is annoying: No provision is made here for taking a walk outside. I have been in this cell for three months. And only once did I breathe fresh air and look at the sky. It is good that I am not here alone, and, of course, it is easier with two of us..."

"You know, we try not to talk or think about what is sad, although the second is more difficult. We talk about God. My neighbor is a believer, he prays and prays..." (Among other things, there were cigarettes and various kinds of products, and books were lying around in the cell. These were mainly little volumes of the Bible, prayer books, and other religious literature.) "I decided a long time ago to be baptized—this is permitted us. It is only that there are no priests for a long time. They promised that one would come without fail..."

"UP to the present time, no one has succeeded in escaping from here," that is the way A. Gubaydulin, Butyrka's deputy chief, started his conversation with us. "We have all of the conditions to keep the sentenced people under strict guard measures. And sometimes they are kept here for a long time. One has been imprisoned here for the third year now. They sit and wait: some for a pardon, and others..."

"Actually, priests now come to them. There are two such prisoners now who are preparing themselves for the rite of baptism. These people very rarely make complaints or demands. They are not authorized to receive parcels. It is true that, as an exception, we allow them now and then. These prisoners are visited daily by the authorities of the isolation ward, and they talk. These conversations are of a legal nature, for example, help in writing a request for a pardon. Recently four prisoners were pardoned, and the sentence of two was left without change. It also happens that a person himself does not want to request mercy.

"Our attitude toward 'condemned persons' varies. It is one thing when the 'tower' is given for major economic

machinations, and an entirely different matter, when it is maniacal murderers on whose hands are the blood of women and children..."

It was very interesting for us to hear the opinion of the local doctors. Warders guard over a long period of service, lawyers consult, but what about the doctors? They are supposed to treat those who are doomed in any case...

This is what we were told in the medical unit of Butyrskaya prison:

"Our prison, like the others, do not be surprised, cannot bear murderers, especially if the crime was committed with particular brutality, and also rapists and child molesters.

"But from the standpoint of the doctors, those condemned to death are people. And it can be imagined under what kind of a stress they are subjected to in their last days. There are very few people here who could maintain their self-control to the end.

"We treat them for angina, teeth. Some people might not understand why this happens. Why, after all, it does not matter... Yes, many of these kinds of patients of ours inspire loathing, but we are doctors, and we must not torment even Chikatilo with a toothache.

INTERNATIONAL AFFAIRS

'Moscow Finances-92' International Forum Report

934A0220A Moscow NEZAVISIMAYA GAZETA
in Russian 4 Nov 92 p 4

[Article by Oleg Polukev, under rubric "Currency":
"Moscow Finances-92: Stanzas for Investors"]

[Text] The end of last week was marked by an international forum of financiers and bankers. Symbolically, the appeals to direct foreign investments into our economy regardless of the cost, which appeals have been interminable since the beginning of perestroika—and which are being repeated by practically everyone who speaks from the CIS countries—resounded under the arches of the conference hall in the capital mayor's office on a day that was truly historic for Russia.

Ramenskiy Rayon, Moscow Oblast, became the first place for sale of land.

And why shouldn't investments be directed to us? Our taxes, of which there are only 40, are not the harshest in the world. For the time being, the number of financial inspectors (in terms of those involved with business) is much smaller than the number of game wardens in a God-forsaken preserve during the period of a mass influx of poachers. Also, definite guarantees for protecting foreign investments, including benefits, do exist. Approximately a thousand insurance firms and companies in the republic are ready to insure the invested

funds. If they are not suitable or if there is no trust in them, insurers, for example, from Lloyd's of London would be most willing to insure them against any risk, not excluding political. In the question of exporting profit, it must be said, everything has not yet been going smoothly. But, by saving that profit from double taxation (in Russia, and then in the home country), it is possible to engage in profitable reinvestment.

But we say "it is possible." They reply, "It's impossible." So the people who come to visit us as though visiting places of exotic tourism are, as a rule, those who are infected with the thrill of instantaneously seizing a prize and quickly leaving the chase. But a real businessman (and not necessarily a foreign one) must stand with both feet on Russian land. And that means that he must have the right to buy and sell it.

The events in Ramenskiy Rayon are the first harbinger. We shall hope that a truly favorable climate for foreign investments is no longer very far away. "Moscow Finances," I hope, for the understandable reason of the lack of any concrete projects in this situation, has nevertheless offered new food for thought.

There is nothing surprising about this: at such measures, the financiers (in Russia, essentially speaking, they are represented only by people from Ministry of Finance) and the bankers are present together. At the forum, S. Gorbachev, Russian deputy minister of finance; A. Shapovalyants, Russian deputy minister of economics; and I. Ivanov, chairman of the Currency and Finance Subcommittee of the RF [Russian Federation] Supreme Soviet, who had joined up with them, played something like a three-move gambit, taking turns to intimidate the audience. The first did so by stating that it is time to create export-import banks, as well as state investment companies, but with the invariable goal of reinforcing the governmental guarantees of protecting the foreign investments, forcing the bankers to fidget restrainedly in their seats. The second warned that next year we shall have an unemployment figure of 3 million. And Mr. Ivanov complained about the difficulty of the negotiations with the Paris pool. Russia's debt is \$84 billion, the payments that have come in are \$20 billion, but for the government this is not enough.

So they spoke in favor of the 100-percent sale of currency (30 percent of which could be acquired by TsentrObank, and the rest should be sold through MMVB [Interbank Hard Currency Exchange]). What would happen then? Before investing the currency proceeds into production, anyone who has earned it will be forced to sell all of it, down to a cent, and then begin to buy wherever he sold it, but now at a higher rate of exchange. From the point of view of legal guarantees of also levying a currency tax, this can be an acceptable alternative, although the mandatory buying-selling combination forces on all the domestic exporters the peculiar style of the bygone custom when the person who had got rich God knows how put on a celebration party by first selling everything and then drinking away all the proceeds...

But let us return to our investments. It is gratifying that this time our foreign colleagues are not allowing themselves to assume the tone of a mentor. Most frequently that tone is an indicator of insufficient preparation for contacts with the Russian side.

Alas, it proved to be impossible to get by without curious situations. P. Bumberger, chief economist of the United Bank of Switzerland, explained to those present: the difficulty of financial stabilization is caused by throwing onto Russia's market tremendous amounts of money from the CIS country. Therefore, he states, the inflation rate has risen to 200 percent. But according to World Bank forecasts, it will reach 1500 percent this year alone, although the specialists do not vouch for absolute accuracy, otherwise we would also take advantage of their methodologies. The definition of the rates of our inflation, because of the inability to correlate the interdependent factors and the factors that exert an influence on that inflation is, in principle, still impossible.

Much became apparent when the guest proposed to our TsentrObank that no less than five percent of the commercial banks' funds be kept in the form of reserve demands. And also that the TsBR [Central Bank of Russia] specifically for the purposes of financial stabilization, established those demands very long ago in the amount of 20 percent, reducing them in certain instances to 15 percent. And a statement that simply caused bewilderment was the statement that credit emission in Russia had exceeded the threshold recommended by the MVB [International Monetary Fund] by 3 trillion rubles. Let us assume that we have really not become the most obedient students of the MVB. It is only that there is no need to do a lot of talking about this. We have approximately the same amount of money in circulation in denominations of from 1000 to 5000 rubles...

During the statement by this speaker, our people from Ministry of Finance and our bankers lost their piety toward the country of banks. They had become accustomed to expecting something of this sort from the former TsBR chairman, whose unexpected accession to the monetary-credit Olympus and his just as unexpected recent disappearance still boggle the mind. It turns out that here too we are not the exception. The awareness of this circumstance has seemingly brought all of us closer together.

Continuing the topic of investments, A. Ball, representative of the Morgan Grenfell company in Moscow, suggested turning to the practice of the indemnity-guaranteed limited financing of projects in the area of petrotechnology, which type of financing is seemingly self-financing. As the oil is extracted and sold, the subsequent currency proceeds in this instance are channeled in turn into the modernization of the basic links in the technological chain. Thus it is possible to attract into the country large volumes of risk capital for small volumes of capital investments.

Nevertheless the question of investments, which does not occupy many, has become the cause of the appearance at "Moscow Finances" of truly the leading representatives of the business circles in the West. After the liberalization of foreign-economic activity, the Russian commodity producers and the middlemen linked with them have accumulated sufficient currency resources, which have attracted the riveted attention of the world's best-known financial groups, forcing the emissaries of what is probably the most influential one—Prebon Yamani—to receive absolutely nothing, but to listen attentively to certain of our fellow countrymen and to work actively to establish contacts with them, without skimping on the representatives' expenses.

And MMVB—Russia's toy currency market—concerning which I recently happened to write ("Careful, the Doors Are Opening!", NG [NEZAVISIMAYA GAZETA], No. 193), passes through itself from three to 15 percent of the currency imported into the country. Therefore the appeals to sell at that exchange all 100-percent are completely reasonable, since that is completely in the Soviet spirit.

However, V. Yakunin and V. Bukato—two presidents of the capital's largest banks—TOKOBANK and Mosbiznesbank—in their statements seem to have failed to notice the impending threat. It is not even the crux of the matter that their banks are the founders of MMVB, which will exist whatever the outcome, but that they are already the figures of financiers at a world level, in whose public statements this is not the place for opposing the authorities. And whatever decision they make on the basis of the current political situation, for them this is not the chief question. Because the actual state of affairs is such that it is only through joint financial business that our country will begin its integration into the world community, even if, for the time being, the number of skilled financial middlemen for this purpose is extremely insufficient. And it is gratifying that worthy leaders for this purpose in Russia have appeared. It is definitely not by chance (to aid them) that the largest part of support along the line of financial services in the amount of 7.5 ecu (one ecu = \$1.35) was channeled by the ES [European Community] into the creation in Moscow of the International Finance and Bank School, which, incidentally, is already operating successfully.

There is a lot of currency, and there will be still more. That is the recurring refrain in the statement made by Yuriy Kotov, the authoritative Russian industrialist and president of the Moscow Chamber of Commerce and Industry, to whom, concerning investments, it is incomprehensible how it is possible for them to ask anyone for anything. An entrepreneur does not ask, but offers a commodity and services. And the most reliable guarantee of joint business is the trust that the entrepreneurs in the various countries have toward one another, entrepreneurs who must be completely equal. Unfortunately, the Americans are currently keeping a close watch to make sure that their negative trade balance (imports into the United States already exceed by five percent the

volumes of exports) does not increase. Of course, it is not easy for them to get rid of the protectionism that is hampering the free access of our commodities to them. But Russia has not yet gone out to the world market with its chief commodity, our know-how. The question arises: who will take the greater risk in the future—we, or the Americans, who will not notice how they will find themselves in the situation of isolationism, except that it is not in accordance with the notorious Monroe Doctrine, but because the world producers will completely bypass their market?...

In what was probably the clearest and most emotional statement at the forum, Aleksandr Volovik, Sr. president of the Bi-Gaz-Si concern, reminded the audience that the oil reserves in Europe have dropped by 15 percent in recent years. And this was at a time when oil production in Russia has been steadily decreasing. If our country stops exporting oil or suddenly turns into an importer, the consequences for Europe, taking the world situation into consideration, can be unpredictable. Consequently, an increase in oil production in Russia is, to a tremendous degree, a guarantee of the stability of the ES countries. Let us hope that its entrepreneurs will quickly grasp this idea and, jointly with their Russian companions, channel their efforts into our energy complex and will direct their attention to those 20,000 inactive drill holes. The Russians are ready to act in the role of reliable guides. Under conditions, it must be assumed, of completely predictable actions of the Russian government with regard to the question of the 100-percent sale of the currency proceeds, domestic entrepreneurs will finally have a powerful impetus for such an active presence in the world financial market as the acquisition of the necessary number of foreign banks. Then the Russian businessmen's currency, in the guise of foreign investments, will start flowing to the Tyumen and other oil fields. And it is not so much for patriotic reasons, as it is for purely economic ones, proceeding from the super-profitability of those investments. Because, to tell the truth, what we need first of all from foreigners is no longer investments (strange as this sounds, soon it will be they who need them more than we do), but chiefly the intellectual support, which is explained, as was mentioned earlier, by the acute shortage of financial specialists.

So on this cheerful note I would like to complete my report on the international forum that has ended. The chief conclusion that one can make is that, as the reforms expand, as the issuance of joint shares and privatization proceed, and as the changeover to broad-scale transactions with the participants of the Russian land occurs, it is necessary urgently to take care that the proper guarantees of investment protection are granted no longer to foreigners, but to our Russian businessmen, so that the crossflow of entrepreneurial capital from region to region occurs in the most time-responsive mode, which is required by the process of bringing our economy out of its crisis—a process that will be an inevitably stormy one in the already foreseeable future.

**'Loss of East European Markets Irreplaceable,'
Says Academician**

934A0221A Moscow VEK in Russian No 12,
30 Oct-6 Nov 92 p 11

[Interview with Academician Oleg Bogomolov, director of the Institute of International Economic and Political Research of the Russian Academy of Sciences, by Vladimir Vedrashko, under the "Dialogues" heading; place and date not given: "Railway Cars, Irons, and the Compensation Dollar. The Loss of East European Markets Is Irreplaceable for the Russian Economy. Such Is the Opinion of Academician Oleg Bogomolov, Director of the Institute of International Economic and Political Research of the Russian Academy of Sciences"]

[Text] [Vedrashko] Oleg Timofeyevich, what is the East European market like at present, if we look at it from the point of view of the interests of Russia?

[Bogomolov] A major decline in the role of the East European market for Russia, and the Russian market for Eastern Europe, as a result of changes in recent years, has entailed extremely burdensome consequences. Our trade has shrunk to a level of 20, perhaps 30 percent of its former volume. We have ceased to purchase things which we had gotten used to, and in the absence of which we suffer: furniture, ready-made clothing, footwear, drugs, and many types of foodstuffs and equipment. Entire industries in adjacent countries specialized in producing for our market. At present, electric locomotives are parked at the Czecho-Slovak Skoda plant for which there are no buyers, because our railroads cannot buy them. This means that, in the future, we will not be able to move freight on our railways. Passenger cars for which we are barely paying are parked at German plants. Foodstuffs are rotting in our country because we do not purchase refrigerator sections. The Ikarusz [buses] are idle because we do not have spare parts. Farm machinery is idle for the same reason, and so on. This is to say nothing about many materials in the absence of which we are by and large unable to bring our plants to operating condition. However, we did not export only crude oil to these countries, but also certain components of industrial products. In addition, we were known as exporters of consumer goods—watches, TV sets, cameras, and many others.

In the beginning of last year, we switched to new settlement procedures—from clearing to freely convertible currency. As I see it, this was a poorly thought out decision of the Ryzhkov government, although many people cautioned that this transition should be more gradual. However, the government believed that our foreign-exchange proceeds from the export of raw materials and fuels would increase right away. Actually, an abrupt and precipitous decline in trade occurred: Neither we nor our partners had foreign exchange, whereas no other modes of settlement were devised.

[Vedrashko] Apparently, a transition to settlements in freely convertible currencies also gave rise to illusory hopes on the part of our partners?

[Bogomolov] They counted on a rapid increase in trade with the West owing to the export of their products. However, the West is in no hurry resolutely to incorporate its East European partners into the system of its trade relations, being aware that this might complicate relations between EEC members themselves. This is why the West is rather interested in restoring regional relations in the eastern part of Europe.

Our neighbors are forced to both reassess relations among themselves and to look for ways to develop relations with CIS countries, primarily with Russia.

[Vedrashko] In what areas is this reassessment occurring?

[Bogomolov] Primarily, in politics proper. Greater realism is appearing. New solutions are being tested, for example, at the sub-regional level. An association of Poland, Czecho-Slovakia, and Hungary exists. This "triangle" is called upon to facilitate, in particular, the development of closer economic relations, substituting for the structures lost.

New structures are emerging which should carry on whatever was rational in the system of relations of CEMA. For example, the International Organization for Facilitating Regional Economic Cooperation (MORES) has been established, in which the business circles of various countries, rather than governments, participate.

[Vedrashko] What tasks does the new organization set for itself?

[Bogomolov] To study markets, facilitate contacts, and exchange information. The headquarters is located here, in Moscow, in our institute. However, I believe that in the future, as it becomes more authoritative, it will acquire both separate premises and a communications system.

[Vedrashko] Representatives of which countries already participate in this organization?

[Bogomolov] These are a number of Russian establishments and banks from Russia, Volskiy's Russian Union of Industrialists and Entrepreneurs and other structures, as well as representatives of Poland, Czecho-Slovakia, Hungary, and Bulgaria. Romania is showing interest too, but I think that it has not made a determination yet. We expect the republics of the former Yugoslavia possibly to get interested. There is interest on the part of German business circles from Eastern lands....

[Vedrashko] Is the example of MORES unique as far as the restoration of relations with former partners is concerned?

[Bogomolov] No, the development of a new system of settlements based on the concept of multilateral barter

trade is another example. The commercial clearing chamber MEKOM will be set up, which will undertake to organize multilateral barter: You will sell goods and receive compensation dollars for them. The goods will be appraised in line with world prices. Subsequently, there may be an auction, and the sale price of your goods (formerly your goods) will be assessed on the basis of supply and demand. Meanwhile, you will be able to spend your compensation dollars to acquire any other goods which are at the disposal of this chamber, goods from any country—Ukraine, Hungary, and so on.

[Vedrashko] How is the assortment of such goods established?

[Bogomolov] Under the influence of supply and demand. At present, we have many plants manufacturing products for which there are no buyers. However, there should be buyers for them in other countries, if not in our country.

[Vedrashko] Let us revisit the compensation dollar. What is it?

[Bogomolov] Unlike clearing dollars, compensation dollars are always backed up by specific goods. They have a merchandise equivalent, that is to say, they are covered not by the entire assortment of goods traded on the world market, but only by goods handled by the commercial clearing chamber. However, selections may be made from among these goods, after all, and the more participants in trade there are, the better the choice. In addition, the chamber itself will generate its own backup stocks of goods. Therefore, if you are unable to find goods which you need, the chamber will offer you highly liquid merchandise, and that which is in great demand, to boot—timber, metal, or fuel, as a rule.

For now, this is an ideal pattern rather than the real picture. For this arrangement to become functional, a number of complicated issues should be resolved: In particular, the legal and tax regimen of operations should be specified, because there will be no trade at all if we apply existing rules for bilateral transactions to such multilateral barter operations—such are the tax rates...and exchange rates.

The MEKOM needs a number of tax and other preferences. They are justified by the interests of restoring trade with East European countries and maintaining and retaining these markets. We will apparently need these markets when our economy grows stronger. We may now lose them irrevocably, in which case it will be difficult to elbow our way somewhere.

[Vedrashko] What are the prospects for the development of small and medium-scale private entrepreneurship in East European countries, and what are the prospects for joint entrepreneurial initiatives?

[Bogomolov] What we are referring to affects precisely this group of entrepreneurs. This arrangement is well suited for handling small batches of goods. You may sell

large deliveries of goods, especially those in demand, for dollars, and they will be purchased, for example, crude oil. As far as a small batch of, say, lumber, is concerned, how would you sell it?

[Vedrashko] So how can it be sold through the chamber?

[Bogomolov] Foodstuffs—vegetable oil, sugar, and other food products—are needed almost everywhere, especially in the provinces. This is to say nothing about clothing, footwear, and drugs—there is nothing to buy them with. However, all oblasts have certain amounts of surplus lumber, cement, roofing slate, or perhaps roofing iron sheets. They may be producing irons or other household appliances, or electric engines.... Of course, you cannot take such products to the world market, especially in small batches.... It is another matter if you use the chamber and offer your goods through it. For example, there is a company in Czecho-Slovakia which makes furniture, and it needs lumber. The company purchases lumber. In turn, you will buy with pleasure surplus foodstuffs which are now available in Hungary, in Czecho-Slovakia, and even in Germany.

Exchanges may frequently involve third and fourth parties, because it is not always possible to find a partner directly. Multilateral barter is precisely what makes it possible to effect a transaction which is advantageous simultaneously for several parties.

[Vedrashko] What is necessary for this arrangement to be successfully set in motion, along with the resolution of the issues of taxation and legal regulation, which you have referred to?

[Bogomolov] It is necessary to gain the confidence of partners who will become convinced that this is a reliable system, that it works, and that they may use it.

To this end, we need support from our own government and the governments of other countries, and the conviction that the structure in question is encouraged by them and viewed as a promising technique for trade and settlements.

Of course, systems of this nature cannot appear and start operating overnight. This takes time. We have been trying to make this arrangement workable for a year now, and have so far effected small operations. However, I believe in the long term, and think that our government officials will also grasp, gradually, that this calls for a certain degree of support.

[Vedrashko] Perhaps, many producers are interested in the fastest possible introduction of this system.

[Bogomolov] They are interested, but at the same time they are being cautious, especially partners from Eastern Europe, whom we have failed very frequently. Even having concluded a transaction, you do not have any guarantee that the merchandise will not be pilfered en route. The commercial clearing chamber will have to assume certain guarantee and insurance-related functions.

[Vedrashko] This is a complex endeavor.... Is it likely to require considerable funds?

[Bogomolov] I repeat that confidence is required, rather than funds. If there is confidence, things will get moving, and funds will be recouped.

[Vedrashko] From which organizations is it possible to receive credit?

[Bogomolov] I believe that banks will also participate in this organization, and they will assume settlement functions. There will always be credit on pledge. We will deal with goods. Therefore, if there are goods, there will be guarantees for the repayment of loans.

Funds have already begun to come in from shareholders. There are companies and organizations, including our institute, which acts as the ideologist and shareholder within this system, and banks which are showing great interest.

[Vedrashko] These are not solely Russian banks, are they?

[Bogomolov] For now, these are mainly Russian banks, although we do have foreign participants. There are joint enterprises which have contributed funds. There is a French company, there are Finnish companies which have shown interest. However, the scope of the system itself will depend on how economic trends evolve.

[Vedrashko] Which of the East European partners appears to be the most flexible, adaptable, and receptive to the concept?

[Bogomolov] It seems to me that Poland is.

[Vedrashko] Apparently, in embarking on such a tremendous new undertaking, there should be several founding partners who would carry the weight and demonstrate the advantages of their initiative.

[Bogomolov] Enthusiasm is not enough in this case. Clear-cut legal norms and a tremendous organizational effort are also necessary.

[Vedrashko] Has the operation of the MORES and the MEKOM produced genuine results?

[Bogomolov] Contacts are being established, and correspondence is in progress.... As far as the MEKOM is concerned, the volume of transactions does not satisfy me. There is enormous demand and enormous supply, but the system will begin working when the partners do not feel that they are taking risks and when they are confident. After all, we do not pay the bills of our West European partners for half a year, and this is to say nothing about the bills of our East European partners. At present, there is a tremendous lack of confidence in us, in all institutions, the Bank for Foreign Economic Relations, the Bank for Foreign Trade.... The invoice has been submitted, the goods have been shipped, but there

has been no payment. Naturally, the attitude toward our newly emerging structure is guarded for this reason.

[Vedrashko] What is your assessment of the business qualifications of your East European partners?

[Bogomolov] On the whole, the standard of our partners is higher than what we are used to. This is the case with Polish, Hungarian, and even Romanian specialists. They frequently differ favorably from our specialists, as far as their competence standards are concerned.

[Vedrashko] What is the situation of your institute at present?

[Bogomolov] During these difficult times, we are trying to preserve the intellectual potential and prevent it from complete destruction.

Walesa Views Ties to Russia, Reforms

934C0352A Moscow ROSSIYSKIYE VESTI in Russian
19 Nov 92 p 2

[Interview with Lech Walesa by correspondent Vladimir Kiryanov: "We Believe in Russia's Sincerity"]

[Text] Lech Walesa, president of the Republic of Poland, received Vladimir Kiryanov, correspondent of ROSSIYSKIYE VESTI, in Belweder Palace. This was the first meeting between the Polish head of state and a representative of the newspaper of the Russian Government since, on 14 October of this year, Boris Yeltsin handed over to Lech Walesa via his special emissary papers revealing the secrets of the Katyn tragedy. Copies of the original papers of the Molotov-Ribbentrop Pact were discovered and handed over to the Polish leader somewhat later. And several days ago Professor Marian Wojciechowski, emissary of the president of Poland, returned to Warsaw from Moscow carrying Russia's latest gift—59 archive documents and an agreement on the creation prior to the end of November of a Polish-Russian editorial board for the preparation for publication of several volumes of documents concerning the fate of Polish soldiers and officers in camps on the territory of the former USSR. It was with this that the interview began....

[Kiryanov] How does Poland evaluate the steps which have been taken by the leadership of Russia in the direction of a full disclosure of the secrets of the past and of all that has prevented good relations between our countries?

[Walesa] I consider this a grand gesture on the part of President Yeltsin, an immense business, which simply had to be undertaken. If only because both in Russia and here we are building a new system based on pluralism and democracy on, essentially, a vast area of the world. This is not possible without a clearing of the approaches to the great construction site, without a definition of its principal values and without it having been said clearly in the name of what we desire renewal. The hand over of

the documents in question is clearing away the obstructions in the history of our relations and transferring them to new, broad paths. There's no denying, great, unavoidable work has been done. It is good that there has been such a person as Yeltsin, who has begun to organize all this in a new way. I will not conceal the fact that not all people in Poland have an identical assessment of what is happening. Some people are attempting to look for hidden meanings in the mere fact of the discovery of the archives.

[Kiryakov] Can it be considered that the documents which have been made public exhaust the interest in the Soviet archives?

[Walesa] No, of course not. There is still much of interest there. This is what we may assume, in any event. And from different viewpoints—historical, legal—what is more. Documents of significance both for individual people and for our society as a whole. Of course, the Katyn affair was and remains for us a sacred matter. Which does not mean a lack of interest in other historical questions. The Katyn documents have become a kind of key to study thereof. Thus the period from 1945 through the present is very important. Events which are still interpreted differently by different leaders occurred in this time. Everyone is endeavoring to depict what happened to his own advantage, without always concerning himself with the historical truth. I do not lose hope of getting to all the archive secrets, to my personal file included. That, obviously, would be the finale.

[Kiryakov] What kind of file is this?

[Walesa] To be honest, I am not entirely sure whether there is a "Lech Walesa" file. But I believe that there could be such a file, why not?

[Kiryakov] The opinion that publication of the documents pertaining to the crimes in Katyn solves nothing has been heard in the Polish press. The conviction that only a tribunal of the Nuremberg type could pass final judgment on this case and would enable the democratic elite of democratic states to discover their identity is being expressed.

[Walesa] I believe that all of us now living on earth will in our time stand before the highest tribunal. No one will avoid it. As far as the Katyn crimes are concerned, they must, with regard for the requirements of the future, inevitably be evaluated in political categories, and everything must be told. And everything is being done in this direction. Not for the sake of vengeance, what is more, but in the name of completion of a particular stage, which should be a warning to others. Lest anyone ever dare to do what we are clearly and emphatically condemning today. At the same time it has to be acknowledged that staging a terrestrial trial is impossible, the accused having long since departed for the other world and being out of reach.

[Kiryakov] And what is now particularly important in the establishment of current Polish-Russian relations and the expanded cooperation of the two countries?

[Walesa] I would like to emphasize that in relations between the upper echelons of power of our countries and the presidents and governments everything is functioning fine. Unfortunately, decisions at the executive, support level, so to speak, are not keeping pace with the upper strata. Why is this the case? Primarily the shortage under the new conditions of personnel capable of thinking in the new way. As for the present, therefore, there are as yet only few examples of good interaction. Yet Poland and Russia are, figuratively speaking, condemned to have one another and are simply required to learn to cooperate efficiently. Thus far, however, we have big opportunities, but do not know how to make use of them. But let us be optimists. After all, the cooperation of two countries is a process. I hope that if we give it more attention, not forgetting it for a single day, things will right themselves, and the situation will change for the better.

[Kiryakov] What might you advise Russia, proceeding from the experience of the reforms being implemented in Poland? Poland began them earlier, after all.

[Walesa] A difficult question. Mainly because Russia, in my opinion, is still moving backward. Both politically and economically. Giving advice in such a situation is extremely difficult. I can say one thing—Russia will be a great power. But only under conditions of pluralism and a free market economy. The whole world is such. Russia cannot be different. It, like other countries also, for that matter, must be prepared for enormous changes. For me personally it is merely a question of the time of realization of the changes and the price which will have to be paid for them. It is very important to persuade society as to the inevitability of democratic change—in political life and in the economy. The more quickly it is persuaded, the more quickly and cheaply it will be possible to switch to a normal life by negotiating painful, but inevitable reform.

Our main mistake is that we ventured upon too slow a process of privatization. We are being unforgivably slow in transferring to the citizens farms in the countryside, industrial enterprises, stores....

Unless Russia wishes to repeat our mistakes, it should make accelerated progress, albeit very painful, in the sphere of privatization. Let every Russian obtain some particle of his property as quickly as possible. And having obtained it, attempt to make efficient use of it.

[Kiryakov] Are we talking about the need for accelerated privatization?

[Walesa] Precisely. Roughly that which was undertaken in Chile. They had compulsory privatization there. A person was given a store for 50 years, say. No protests were entertained—take and manage. Or land was allocated—work it and pay taxes. Not so severely, perhaps.

but "privatizing" compulsorily in our countries would have done us no harm either. But this was not done. Privatization is moving slowly, scraping along like chalk on a blackboard. To be honest, were the reform in our country to be started all over, I would necessarily adopt the accelerated, decisive version! Up to and including compulsory privatization!

[Kiryanov] What is preventing this from being done now?

[Walesa] This would not work now. We have already gone too far working in leisurely fashion. More than 60 percent of the businesses in Poland have been privatized. Were we to commence a share out all over again, we could not avoid serious disputes. The worst is left unshared, it would be said, the best has already been given away. Taking back what has been shared out and sharing it out anew is no solution either. It would be a huge farce. The opportunity was let slip earlier, when, if you recall, I proposed the allocation to everyone for privatization purposes of 100 million zlotys. We would have announced to everyone what we were selling and would have scheduled public auctions. No one would have had any complaints—"we were not given a chance." He would have chosen for himself. But people did not listen. They acted otherwise and took the chosen, although not the most beneficial, road. Now we are simply forced to take it further. True, I am now trying to do for those who have yet to become proprietors what I wanted to do earlier—to grant people credit and help them acquire the remaining assets.

[Kiryanov] How might Poland appear three years hence?

[Walesa] One way or another, Poland will move forward along the chosen path. What it will be like in the future may be judged from the present day even. The country looks pretty good. But there are problems. Thus the state would be in better shape had it received in full the money from the taxpayers. Firms are not always paying as yet, however. As a result we are currently getting merely two-fifths of the customs duty determined by law. And two-fifths of the income tax. The rest is simply not reaching the treasury. Were it to get these payments in order, Poland would be in considerably better shape. And, consequently, all its citizens also.

The situation, meanwhile, is as follows: There should remain in the hands of the state merely 20 percent of the worst property—mines, shipyards, and huge plants employing a multitude of workers. They, unfortunately, are not among the most successful citizens. In Poland generally the situation is thus: one-third of society has attained Western living standard. Another third of the populace is living somewhat better than before the start of our revolution. But one-third of the citizens is living even worse than before. The bulk of these are the inhabitants of small towns and villages dependent on a single enterprise. Those employed in military industry or at plants formerly linked by contracts with CEMA and unable to reorient themselves under current conditions

pertain here. The most urgent task is helping this section of Poles and leading them to a better life.

[Kiryanov] Outside of Poland the opinion that life is good for almost everyone in Poland has taken shape. Take if only the inhabitants of the former USSR who are readily coming here—up to 10 million a year.

[Walesa] I agree, many people are living well here. Only the different levels of poverty and prosperity should be taken into account. Poverty Polish-style differs from American poverty, for example. Although Polish homes are full of the most modern equipment—VCR's, washing machines, automobiles and other costly assets—it is very difficult for Poles to use it. There needs to be a sufficiency of washing powder, cassettes for the video, gasoline, and so forth. Having secured all this, one could be left without money for bread. A lack of resources for satisfying customary requirements is also poverty, but at our own level.

[Kiryanov] Is the influx of tourists from the CIS causing extra problems, incidentally?

[Walesa] Everything must develop within the framework of the law. Now, when the question of the withdrawal of Russian forces from Poland has been practically solved, the problem of tourists and pseudotourists and the attendant increase in crime and chaos is on the agenda. In order that the "wild" tourist trade, none too beneficial for either of our countries, assumes civilized forms, supervision of compliance with instructions, Polish and Russian, will be tightened. Not in the sense of advocating a limitation of the arrival of visitors. The main thing is that everything take place on a legal basis, in compliance with current laws.

[Kiryanov] What can be said about the significance of the pullout of Russian forces from Poland?

[Walesa] This event was inevitable from any viewpoint. All experience indicates that we will never attain the appropriate living standard if we spend so much in the way of resources on the maintenance of enormous military groupings. On the other hand, I have to admit that the return of such large military forces is an enormous problem for Russia. It is poorly prepared for this. Understanding this, I presented an initiative concerning international assistance to Russia on this matter. Inasmuch as this is beyond the capabilities of Poland in isolation, the international community, seeing this problem, could be of more effective assistance—in building housing and retraining young soldiers leaving the army. And everyone could benefit here and make money also, creating new jobs. The Western world could permit itself this. But there has been no response to our verbal requests and letters as yet. I cannot understand this egotism and insensitivity. After all, the advantages could be general. Russia must be helped without fail.

[Kiryanov] What are your relations with the president of Russia?

[Walesa] They are very good. If only because President Yeltsin and I have a great multitude of similar problems. We understand each other very well. In particularly difficult situations we speak by telephone, on my initiative or his. Although outwardly it might seem that we meet rarely, "for the public".

[Kiryanov] What is the most important Polish problem today?

[Walesa] Seeking and finding ways out of difficult situations. It is not political arguments which are needed, after all, the direction, in politics and economics, has already been chosen conclusively. There is no point making a fuss on these grounds. The search for solutions and an ability to show by way of specific example the paths of a solution of difficult problems, not arguing about who is the most wise, are, I repeat, becoming increasingly urgent. I would counsel politicians of Russia in the same way.

[Kiryanov] Could what happened in Lithuania happen at the elections in Poland?

[Walesa] I am sure not. We have come considerably further. Despite the fact that we are still arguing keenly, we are already finding solutions. And we are at a level no lower than the previous team. But were the elections to be held today, the Communists could reach the 30 percent mark, no more. They would do so, as in the Lithuania case, thanks to the fact that they have in certain areas of the country well-trained people who are no longer engaging so much in political struggle as taking the path of specific proposals. But Poland's new forces would, all the same, have a majority at the elections—there can be no two opinions about this.

[Kiryanov] What might you wish Russians?

[Walesa] I know that things in Russia are hard as yet. I know that you have no choice and must become the same as the whole of the modern world. And it is based today on the market economy, democracy and pluralism. Nor is there a chance of a return to communist ideology. This is simply unrealistic. This card has already been played. You can make war, shoot one another, but what is gone will never return. I therefore advise you not to think about a return to the old ways, a return to the past. Think about the future. How you may as quickly as possible build what the entire developed world has already verified. The direction has been chosen. Russia cannot be an island in the ocean. Go only forward, reforming the economy in a market manner. Pain has to be endured also. Our common tragedy is that we have been forced to overcome the old system and build a new one. The present generation is in a sense cursed inasmuch as it is forced to fight and even after victory, when life must be better, it will have to build everything from scratch.

Cooperation With Former USSR Republics in Middle East Proposed

934C03124 Moscow DELOVOY MIR in Russian
21 Oct 92 p 4

[Article by Dmitriy Volskiy: "Is Russia Far From the Near East?"]

[Text] What are Russia's interests today in the Near East? I predict a skeptical, ironic smile on the reader's face. And indeed, how can we talk about any realistic Russian interests in the Near, or the Middle East, either, if that region is moving away from our borders like a cloud floating off over the horizon! It is now separated from Russia not just by the "crest of alienation"—by Ukraine, Moldova, the Transcaucasian and Central Asian republics that have found independence, but by an entire swathe of military attacks. This storm zone reaches from the Adriatic to the Black and Caspian seas. Waves have already swept the Dniester region, Tajikistan, have lapped against the Crimea. But this is what catches one's eye—the epicenter of the storms always remains the Caucasus, where one conflict rolls into another, not giving either the participants or the victims time to catch their breath.

If only we could at least soften the conflicts that we see already in the North Caucasus, that threaten to overrun the borders of the Russian Federation. If only we could block the way into the heart of Russia against the bright crimson-colored flood. If only we could secure our own borders. How can we even think about countries across the sea and beyond the mountains, at the "distant frontier!" All the more, as the former USSR has left behind a memory of itself that is, as is now acceptable to say, by no means complex.

Let us recall the postwar years. First, Stalin actively supported the creation of Israel, to a certain degree counting on it to serve as a counterweight to the "Arab pro-imperialist reaction." But even before the leader's death, Israel was denied this—it was more suited to the role of instrument of "Zionist aggression" against the Arabs, on whom our administration at that time preferred to place its stakes. Not on all of them, not on the oil sheiks, not on the "bourgeois politicians," but only on the "progressive circles" of the Arab world, on the "revolutionary democrats," whose followers relatively quickly progressed from studying the fundamentals of Marxism to kidnapping hostages and blowing up airplanes. It is understandable that the Americans and their allies have also not been shooting blanks in their reactions to all of this.

As a result, the Near East was transformed into one of the key locations of the war for world hegemony between the USSR and the United States, the east and west blocs. The cold war there has heated up at least three times—in 1967, 1974, 1982. This has had global consequences. Relations were burning high not just between the Arabs and the Israelis, but between Muslims and adherents of other dogmas besides Judeo-Christians and Hindus, as

well. The virus of ethnic and religious strife, irreconcilability, fanaticism, begun to spread faster than AIDS. Of course, everywhere people came up with their own, local causes for this epidemic. But the Near Eastern conflict has remained a powerful stimulus for its spread to other regions.

Including the Caucasus and Central Asia. With the one difference that there the sickness was for a long time driven inside by cruel communist pressure from Moscow. Its outburst became even more dangerous and destructive when the pressure slept, and the borders of the disintegrated Union became "transparent," or even, for all practical purposes, disappeared. As if a compressed spring had burst apart. It became clear that the absolutization of a closed-membership community, militant nationalism, irreconciliation with "strangers" was a general ailment of peoples who were close not only geographically, but psychologically, as well. One doesn't have to be a religious fanatic, or even simply a religious believer to imbibe the spiritual directives, traditions, way of life and thinking peculiar to one or another dogma. And it is no accident that it is exactly on the "break" between the spheres of the spread of Islam, Christianity, and other religions—from Punjab and Kashmir to Bosnia and Kosovo—where we have seen especially bloody confrontations between groups in the last few years. In the former Soviet republics, the same phenomena that the outside world has been dealing with for a long time have become evident. Phenomena that people there have learned, if not to overcome, then at least to recognize better than we have in Moscow.

For example, this is what the newspaper QUOTIDIEN DE PARIS writes: "Events in the former USSR are developing in two directions: the more strongly tendencies towards a split, towards violence and radicalism are felt in the Caucasus and Central Asia, the more persistent attempts made by Slavic and semi-Slavic states (Kazakhstan) become to create a defense union. In accordance with this classic mechanism, similar to that which operates on both sides of the Mediterranean Sea, a split between North and South is coming to replace the fictitious unity of the former empire. And if the South of the former USSR is suffering from the same ailments that affect many Near Eastern and African countries (interethnic conflicts, Islamic fanaticism and so on), then the North (Russia and the other Slavic states) is acquiring Western characteristics much faster than it expected."

It is understood that the newspaper is talking about a barely noticeable tendency, but it does show that for Russia, the Near East is no longer just a "distant frontier." First of all, the processes occurring there are connected in a myriad of ways with what we see in the former USSR republics adjacent to that region. It is enough to remind ourselves merely of the fact that there are more Azerbaijanis living in Iran than in former Soviet Azerbaijan, and that communities of Chechens and other North Caucasians are influential in almost every Arab country.

That is the first point. And secondly, history seems to be using the Near East to develop models for resolving conflict situations that arise on ethnic or religious grounds that are extremely similar to those that we can see in the republics of the former Soviet South. Most of all, this kind of model in torment is being born during the extremely difficult process of Arab-Israeli regulation: peace for territories, national autonomy followed by self-determination, respect for the integrity of states and at the same time minority rights, the demilitarization of certain disputed lands. With certain modifications, the components of this general model could have been utilized not only on the West Bank of the River Jordan, or in the Golan Heights, but in Karabakh, South Osetia, Abkhazia, and in the North Caucasian autonomous regions of the Russian Federation, as well.

If attempts to direct the already chronic Near Eastern dispute, which has been dragged out by longstanding mutual hatred, into a legal channel are successful, this would be important for everyone. But for Russia, the creation of a kind of "peaceful energy field" around the Caucasus, the Crimea, Central Asia is especially important. If only the negotiations for Near Eastern regulation, at which a certain amount of progress was achieved, are not broken off suddenly before their new, and in general opinion, decisive round that began on October 21. Or during the course of that round. Or after it, if it does not have concrete results. And there is a danger of this. They were called in connection with the activation of a certain type of "fundamentalists"—both in the Arab world and in Israel. Those who place their own dogmas—be they religious or political—higher than the interests of their peoples.

There is danger, but there is also a powerful counterweight to it. It is called—the general economic interests that are forming in the Near and Middle East, despite all the wars, terror and fear, the market in goods, technologies, labor forces. No, of course, there, these things are still quite far from bearing even a distant resemblance to the European Common Market. The barriers that must be overcome there are even higher than the fences at state borders: they are in the hearts and minds of the people. "And all the same,"—writes Paris' FIGARO,— "the idea of a confederation including Israel (basically in its 1967 borders), the West Bank of the River Jordan, Lebanon, Syria, Jordan and Egypt does not seem all that utopian, because the economic aspect is the deciding factor. One can assume that the European Community will use all its influence to support the creation of the appropriate institutions. This is a noble task."

And what about us? Russia has received a difficult inheritance in the Near East from the fallen USSR in the most direct, financial sense. It is sufficient to recall that Syria's debts for Soviet arms are approximately 10 billion dollars, and Iraq's are close to 8 billion. But besides the debts, we have also received stable economic ties, a mutual knowledge of needs, the experience of contact.

One might think that the new Russia's interests in the Far East lie in, among others things, not losing all of this. And if we are successful, then we want increase them, keeping in mind specifically the special invisible ties that connect the states of the Caucasus and Central Asia with the Near East. Putting them in contact with various channels of economic cooperation in the Near and Middle East could both have a pacifying effect on the political situation, and placate the destructive passions that are bursting to the surface. From this point of view, in general, the activity demonstrated by Turkey—a country that is, as we know, Muslim, but at the same time worldly, with a Western orientation—plays a positive role. It would behoove Russia to see in her not so much a competitor as a partner. Just as in Israel, ties with whom the states of the "Islamic zone" of the former USSR are evidently not avoiding. Or in Egypt, or in the Arab oil monarchies. After all, all of them are interested in the same thing that we are—the peaceful formation of new states.

As we can see, Russia's circle of contact on the southern borders of the CIS can be extremely broad and varied. This creates the basis for joint international efforts to put out the fires—let's say, calling out not just UN observers, but the "blue helmets" in the Caucasus region, as well. It is true that we have not yet overcome the suspicious, guarded attitude towards international actions in the states of the former USSR. Even if they are geared towards making peace. But life is the best doctor. And he will, we must hope, heal this relapse into "Sov thinking," too. But at what price?

Credit-Consensus Bank Chairman Stresses Latin American Trade

[934A0190A Moscow PRAVDA in Russian 4 Nov 92 p 3

[Interview with A. Krysin, by Pavel Bogomolov: "Advantage? Very probably. But There's Also Something Else": The One-of-Its-Kind Russian-Latin American Economic Cooperation Bank Takes Its First Steps"]

[Text] Many people in the business world have already heard a lot about the Credit-Consensus Bank that opened in Moscow one and a half years ago. But there are indeed very few who know that it is becoming an international credit and finance institution with mixed capital, an institution that orients itself chiefly toward guaranteeing economic and trade ties with Latin America. PRAVDA correspondent Pavel Bogomolov asked A. G. Krysin, chairman of the bank board of directors, to fill in this information gap.

[P. Bogomolov] Aleksandr Georgiyevich, before this conversation with you, I spoke to several Moscow entrepreneurs, and all of them, when characterizing the work style of Credit-Consensus, used such words as "caution," "circumspection," "solidity." Are these the everyday lexicon of businessmen, or are they really well-deserved compliments?

[A. Krysin] I can confirm only one thing: we really do not like to force events artificially, jumping across the logically inevitable steps in the course of reinforcing our banks positions. It is perhaps for that reasons that we have been accompanied by success. Success not as good luck that has befallen us with no effort on our part, but as something that has been earned. When we threw our doors open wide in April 1991, we had at our disposal statutory capital of 13 million rubles. As of today this figure has increased by a factor of almost 30. By the end of the year we shall increase it to a billion. Having received balance-sheet profit in the amount of 58 billion rubles and having increased its turnover to 15 billion, Credit-Consensus has become firmly entrenched as one of the hundred largest banks in the CIS.

[P. Bogomolov] But if things are proceeding so successfully, why do you need all these innovations, this intertwining with Latin American financial structures?

[A. Krysin] Well, it's like this. The people who were taken into Credit-Consensus are young professionals who are extremely enthusiastic about what they are doing, people who rapidly become bored with all kinds of routines involved in such things as the standard "buying-selling" transactions. Our bank's prosperity is not the only thing we're interested in. The chief thing is the rebirth of our country's economy and the international authority of a great power. This task is so difficult that we cannot employ stereotypical methods here. Therefore, properly speaking, we want something new and promising.

[P. Bogomolov] So you "went out swinging" at Latin America?

[A. Krysin] Yes, if you can express it that way. To a large extent this was helped by A. V. Rutskoy's recent trip to Venezuela, Argentina, and Brazil. A tentative understanding was achieved with the financiers in those countries, and also in Chile, Peru, Mexico, Ecuador, Colombia, and Panama, to the effect that 50 percent of our bank's capital will be Latin American. I would like to emphasize that in this question we received understanding and support on the part of the Higher Economic Council, under the Presidium of the RF [Russian Federation] Supreme Soviet, and primarily its chairman, V. O. Ispravnikov.

[P. Bogomolov] But what specifically drew you "south of the Rio Grande"?

[A. Krysin] I do not want to cast a shadow on the other regions in the Third World, but it is precisely Latin America, much more than the other regions, that combines within itself both the nature of being on the periphery and weakly developed, and rather considerable achievements. Those for whom this continent remains *terra incognita* are perhaps unaware that, during the past ten years, the Latin Americans have exported to other countries in the form of investments and credit from \$400 to \$500 billion. Do those seem to you to be poor countries? So why shouldn't Russia attempt to

activate at least a small part of those colossal resources in the interests of its development?

[P. Bogomolov] Excuse me, but are we counting primarily on support from the MVF [World Monetary Fund] or, say, the World Reconstruction and Development Bank and the European Reconstruction and Development Bank?

[A. Krysin] I would take a respectful attitude toward those channels, but at the same time a restrained and realistic one. In addition, for the West, we remain, in one way or another, a raw-materials appendage, a supplier of gas, petroleum, coal, timber, aluminum raw materials, nickel, cobalt, titanium, etc. But the Latin Americans have a serious interest in our machine tools, agricultural machines, road-building technology, and radio electronics. I am convinced that it is necessary to meet them halfway, and then, in response to the Russian technologies, we will obtain the long-awaited investments.

[P. Bogomolov] How successfully has this rapprochement been proceeding?

[A. Krysin] At one time the GKES [USSR Council of Ministers State Committee for Foreign Economic Relations] and the MVT [Ministry of Foreign Trade] were responsible for the efficiency of this success. Currently, when enterprises are going out directly to foreign markets, the success, to a considerable degree, depends upon the credit and finance "underpinnings" on both sides of the Atlantic. And I can attest to the fact that the first positive experience has already been accumulated by us. We are financing, for example, the purchase of 'AZ [Ulyanovsk Automobile Plant] undercarriages for Venezuela. And the bodies—which are much more elegant than our own—will be installed right there, in the Caribbean. We are ready to support a transaction involving the assembling of aircraft designed by the Russian Yak Corporation in the Brazilian state of Rio Grande do Sul. We are thinking carefully about the credit and financial support of food shipments from Latin America, in particular the supplementing of Russians' rations with raw and processed tropical fruits and vegetables. We are working out possibility of technical equipping our individually managed farms with the aid of South American partners.

[P. Bogomolov] Well, then, all that remains is to wish you further success.

Companies Authorized To Export Strategic Raw Materials

934P0016A Moscow *DELOVOY MIR in Russian*
16 Sep 92 p 8

[“Conclusion of the Registration Commission on Affording the Right of Export of Strategically Significant Raw Material Products (Appendix No. 2 to Protocol No. 1 of the Registration Commission of the Russian Ministry for Foreign Economic Relations Dated 6 August

1992), Approved by Decision of the Russian Ministry for Foreign Economic Relations Collegium, Protocol No. 13 Dated 11 August 1992”]

[Text] 1. Foreign Economic Joint-Stock Company Agrokhimeksport

2 Ulitsa Gretsevetskaya, Moscow, 119900

Tel: 203-50-33, Fax: 200-12-16, Telex: 411678

Mineral fertilizers, ammonia, methanol, nonorganic acids.

2. All-Russian Foreign Economic Association Tekhnoeksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow 113324

Tel: 220-17-82, Fax: 230-20-80, Telex: 111200 YuT

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

3. All-Russian Foreign Economic Association Selkhozpromeksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow 113324

Tel: 220-16-92, Fax: 921-93-64, Telex: 111446 SERP

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol.

4. Foreign Economic Joint-Stock Company Tsvetmeteksport

25/31 Serpukhovskoy Val, Moscow, 113191

Tel: 954-36-88, Fax: 954-38-93, Telex: 412238 TSVET SU

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

5. Foreign Economic Association Soyuzpromeksport

32/34 Smolenskaya-Sennaya, Moscow, 121200

Tel: 244-47-68, Fax: 244-37-93, Telex: 411268

Bituminous coal, including charge, coke, and semi-coke;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol.

6. State enterprise Foreign Economic Association Prom-syryeimport

13 Novinskiy Bulvar, Moscow, 121834

Tel: 203-05-77, Fax: 203-61-77, Telex: 111824

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

7. Russian Foreign Economic Association Dalintorg

16a Nakhodkinskiy Prospekt, Nakhodka, Maritime Kray, 692904

Tel: 4-39-70, Fax: 4-45-17, 4-48-93, Telex: 213853 DITORG

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol.

8. Russian Foreign Economic Association Rosvneshtorg

8/5 Ulitsa Barrikadnaya, Moscow, 123242

Tel: 254-80-50, Fax: 254-95-76, Telex: 411060 ROSST SU

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

9. Foreign Economic Association Vneshintorg

5 Ulitsa Marksistskaya, Moscow, 109147

Tel: 271-24-44, Fax: 274-01-02, Telex: 411250

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

10. All-Russian Foreign Economic Association Vneshstroyimport

6 Tverskoy Bulvar, Moscow, 103009

Tel: 290-03-76, Fax: 973-21-48, Teletype: 113600 STRIM, Telex: 411250 SVSI

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

11. All-Russian Foreign Economic Association Tekhmashimport

19 Trubinkovskiy Pereulok, Moscow, 121819

Tel: 202-48-00, Fax: 291-58-08, Telex: 411194, 411113

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

12. Joint-Stock Company Eksportles

13/15 B. Kiselnyy Pereulok, Moscow, 103755

Tel: 921-28-09, Fax: 928-99-30

Commercial timber, lumber, cellulose, cardboard.

13. Foreign Economic Association Tekhnopromeksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 233-05-28, Fax: 233-33-73, Teletype: 111445, Telex: 411158

Petroleum products, oils, and other products of high-temperature refining;

Electrical power;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

14. All-Russian Foreign Economic Association Atomenergokhsport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 231-80-14, Fax: 230-21-81, Teletype: 207846 KYuRI, Telex: AEE SU

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

15. State Foreign Economic Enterprise Gazeksport

20 Leninskiy Prospekt, Moscow, 117071

Tel: 230-24-10, Fax: 230-24-40, Telex: 411987

Natural gas, petroleum gas, hydrocarbon gas, others.

16. Foreign Economic Association Mashinoeksport

35 Ulitsa Mosfilmovskaya, Moscow, 117330

Tel: 147-15-42, Fax: 938-21-15, Telex: 411207

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol.

17. Joint-Stock Company Interles

3/2 Gogolevskiy Bulvar, Moscow, 121019

Tel: 290-62-60, Fax: 230-25-48, Telex: 414763 AORL SU

Commercial timber, lumber, cellulose, cardboard.

18. Foreign Economic Association Vneshles

10 Ulitsa Ostozhenka, Moscow, 119034

Tel: 201-75-80, Fax: 928-43-96, Telex: 111478 TUL-LVneshles

Commercial timber, lumber, cellulose, cardboard.

19. Joint-Stock Company Gammakhim

32/34 Smolenskaya-Sennaya, Moscow, 121200

Tel: 244-21-81, Fax: 244-21-81, Telex: 411297

Petroleum products, oils, and other products of high-temperature refining;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

20. State Foreign Trade Company Rosvneshtekhimpeks

22 Olimpiyskiy Prospekt, Moscow, 129110

Tel: 151-26-01, Fax: 151-37-81, Telex: 411001

Petroleum products, oils, and other products of high-temperature refining.

21. All-Russian Foreign Economic Association Litsenzintorg

11 Ulitsa Minskaya, Moscow, 121108

Tel: 145-11-10, Fax: 142-59-02, Telex: 411415

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

22. Foreign Economic Joint-Stock Company Soyuzplodimport

32/34 Smolenskaya-Sennaya, Moscow, 121200

Tel: 244-22-58, Fax: 244-36-36, Teletype: 111177, Telex: 411262

Grain.

23. Maritime Kray Union of Consumer Societies (Kraypotrebsoyuz)

3 Ulitsa Mordovtseva, Vladivostok, 690000

Tel: 22-53-70, Fax: 22-25-60, Telex: 213441 GONETs

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

Mineral fertilizers, ammonia, methanol.

24. All-Russian Association Novoeksport

33 Ulitsa Arkhitekтора Vlasova, Moscow, 117393

Tel: 128-07-86, Fax: 128-16-12, Teletype: 112212, Telex: 411204 NEKS

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol;

Furs.

25. Foreign Trade Economic-Accountability Firm Uralvneshtorg

1 Oktyabrskaya Ploshchad, Yekaterinburg, 620031

Tel: 51-75-53, Fax: (3432) 58-99-56

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap.

26. Foreign Economic Joint-Stock Company SovBunker

14/9 Ulitsa Novoslobodskaya, Bldg. 7, Moscow, 103030

Tel: 258-91-22, Fax: 288-95-69, Telex: 411134

Petroleum products, oils, and other products of high-temperature refining.

27. Foreign Economic Association Raznoimport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-12-16, Fax: 200-32-18, Telex: 112613

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals.

28. State Petroleum Company NAFTA-Moscow

32/34 Smolenskaya-Sennaya, Moscow, 121200

Tel: 253-94-88, Fax: 244-22-91

Raw petroleum, including gas condensate;

Petroleum products, oils, and other products of high-temperature refining.

29. Foreign Economic Association Tekhnointorg

64 Ulitsa Pyatnitskaya, Moscow, 113836

Tel: 231-26-22, Fax: 230-26-42, Telex: 411200

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap;

Mineral fertilizers, ammonia, methanol.

Conclusion of the Registration Commission on Affording the Right of Export of Strategically Significant Raw Material Products (Appendix No. 2 to Protocol No. 2 of the Registration Commission of the Russian Ministry for Foreign Economic Relations Dated 13 August 1992) Approved by Decision of the Russian Ministry for Foreign Economic Relations Collegium, Protocol No. 14 Dated 19 August 1992

1. Foreign Trade Association Lenfintorg

98 Moskovskiy Prospekt, St. Petersburg, 196084

Tel: 292-56-33, 296-11-65, Fax: 298-99-18, 298-76-98,
Telex: 121518, code OKPO 01859859

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol.

2. Foreign Economic Association Vneshpromtekhnobmen

9 Vasnetsova Pereulok, Moscow, 129090

Tel: 284-72-41, Fax: 284-73-95, code OKPO 05032559

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

3. Foreign Economic Association Mashinoimport

32/34 Smolenskaya-Sennaya, Moscow, 121200

Tel: 244-33-09, Fax: 244-38-07, Telex: 411231 MIM,
code OKPO 01860319

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals.

4. Foreign Economic Association Sovintorg

4 Pereyaslavskiy Pereulok, Moscow, 129872

Tel: 284-13-04, Fax: 975-23-07, Telex: 112419 ARTUS,
code OKPO 00468482

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol.

5. Foreign Trade Firm Sovkabel

5 Shosse Entuziastov, Moscow, 111112

Tel: 362-96-45, Fax: 274-00-76, Telex: 411024 SCAB,
code OKPO 04870672

Copper scrap and waste;

Aluminum waste and scrap.

6. Joint Enterprise Lesinvest

15 Ulitsa Ilinka, Moscow, 103070

Tel: 206-03-18, Fax: 975-21-64, Telex: 612536 LESIN
SU, Teletype: 209536 LESIN AT, code OKPO 07602914

Commercial timber, lumber, cellulose, cardboard.

7. Foreign Economic Joint-Stock Company Neftekhimexport

31 Ulitsa Gilyarovskogo, Moscow, 129832

Tel: 284-86-14, Fax: 288-95-84, Teletype: 207583
EKSIM, Telex: 411615 NEXT SU, code OKPO
04872843

Petroleum products, oils, and other products of high-temperature refining;

Natural gas, petroleum gas, hydrocarbon gas, others.

Mineral fertilizers, ammonia, methanol.

8. Joint-Stock Company Energomashekспорт

25 Bezbozhnyy Pereulok, Block A, Moscow, 129010

Tel: 288-84-56, Fax: 288-79-90, Telex: 411965, code OKPO 05030856

Bituminous coal, including charge, coke, and semi-coke;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

9. Foreign Economic Association Zarubezhsvetmet

19 Ulitsa Novyy Arbat, Moscow, 121911

Tel: 203-86-65, Fax: 203-41-01, Telex: 412314 CARAT SU, code OKPO 00201767

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

10. Joint-Stock Company Avtoekспорт

21 Ulitsa Malaya Pirogovskaya, Moscow, 119435

Tel: 203-06-62, Fax: 202-60-75, Telex: 112651, 411135, code OKPO 00351202

Petroleum products, oils, and other products of high-temperature refining;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals.

11. Foreign Trade Firm Soyuzvneshles

18 Ulitsa Lesteva, Apt 11, Moscow, 113162

Tel: 954-20-58, Fax: 954-53-40, Telex: 411667 KEDR, code OKPO 00970135

Commercial timber, lumber, cellulose, cardboard.

12. Russian Concern Metallurgmash

2 Slavyanskaya Plushchad, Moscow 103718

Tel: 924-80-92, Fax: 220-71-70, Telex: 411725 LOTOS, code OKPO 00190093

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

13. Foreign Economic Association Tekhnopromimport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-12-18, Fax: 230-21-11, Telex: 411233 TRI SU, code OKPO 01860354

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

14. Foreign Economic Association Tyazhpromeksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-16-10, Fax: 230-22-03, Telex: 411931, code OKPO 02839020

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled non-ferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

15. Foreign Trade Firm KamAZ

4 Ulitsa Akademika Rubanenko, Naberezhnyye Chelny, Tatarstan, 423810

Tel: 53-10-02, Telex: 412658

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

Mineral fertilizers, ammonia, methanol.

16. State Foreign Trade Enterprise Rostekheksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-14-87, Fax: 233-07-86, Telex: 207803 LOT, code OKPO 11486804

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol;

Furs.

17. Main Administration for Cooperation and Cooperatives of the Russian Federation Ministry for Foreign Economic Relations

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-17-29, Fax: 233-12-49, Telex: 111811, code OKPO 0582005

Petroleum products, oils, and other products of high-temperature refining;

Bituminous coal, including charge, coke, and semi-coke;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

18. Foreign Economic Association Oboroneksport

18/1 Ovchinnikovskaya Naberezhnaya, Moscow, 113324

Tel: 220-17-48, Fax: 233-02-72, 233-18-13, Telex: 411428, code OKPO 02839126

Petroleum products, oils, and other products of high-temperature refining;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol.

19. State Foreign Economic Company Spetsvneshtekhnika

21 Gogolyevskiy Bulvar, Moscow, 119865

Tel: 201-49-49, Telex: 411957, code OKPO 02839132

Petroleum products, oils, and other products of high-temperature refining;

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste;

Mineral fertilizers, ammonia, methanol;

Nonorganic acids.

20. Foreign Economic Trade-Industrial Company Yekaterinburg Commercial Society

41 Prospekt Lenina, Yekaterinburg

Tel: 55-00-44, Fax: 55-69-12, code OKPO 01264913

Commercial timber, lumber, cellulose, cardboard;

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals;

Cast iron, rolled ferrous metals, including pre-form for re-rolled products, steel piping, ferro-alloys, ferrous metal scrap and waste.

Supplement to Entries Previously Approved

1. All-Russian Foreign Economic Association Vneshstroyimport

Nonferrous metals, raw materials for their production, rare and rare-earth metals, including secondary metals, their ores, powders, semifinished products, rolled nonferrous metals, scrap and waste from nonferrous metals.

2. All-Russian Association Novoekspert

Petroleum products, oils, and other products of high-temperature refining.

Russian Gas Seen as Important Part of German Energy Strategy

934A0252C Moscow IZVESTIYA in Russian 11 Nov 92 Morning Edition p 2

[Article by Yevgeniy Bovkun: "German Energy: Problems and Prospects"]

[Text] Bonn—Germany could use primarily coal to meet its needs for primary energy resources. In the new states, there are lignite deposits in Lausitz and in the Leipzig area, and in the western regions there are the coalfields and "black gold" of the Ruhr, whose reserves are estimated at 20 billion tonnes.

However, scientists predict that the significance of coal as a German energy resource will decline by the year 2010. In Bonn, they recently presented a forecast of the country's energy consumption for the next two decades. The percentage of coal as an energy source will fall from 33 percent to 25 percent. At the same time, nuclear energy will increase only insignificantly and not exceed 11 percent.

Petroleum and gas will remain important energy resources for Germany. It has little oil of its own; only a small amount is produced in the country, mostly in Lower Saxony. As a result, the FRG will continue to depend on foreign sources for its energy—Russia, Great Britain, Libya, and Norway.

In this connection, natural gas becomes tremendously important for Germany's energy system. Germany meets almost 70 percent of its needs from deposits in Western and Central Europe. One-third of the deposits are in the FRG. The largest are in Lower Saxony; others are in Schleswig-Holstein, the foothills of the Alps, and in the upper reaches of the Rhine. Up to 20 billion cubic meters of natural gas are produced there annually.

Under long-term contracts, Russia accounts for 30 percent of all foreign deliveries. One of the FRG's largest companies, "Ruhrghaz AG" in Essen, also concluded agreements with the Soviet Union in 1970, 1972, 1974, and 1981 and is now Russia's major partner in this area.

Natural gas occupies an important place in Germany's economy, since it meets basic energy-resource requirements. First and foremost, these requirements are source reliability, environmental safety in recovery and use, the possibility of conserving energy by using new technologies, and competitiveness vis-a-vis other energy resources.

The FRG uses gas primarily to produce electricity, industrial heat, and heat for homes; it is used as a raw material by chemical concerns only in very modest amounts. Since the early 1970s, nearly 300,000 apartments have been converting to gas heat every year. Today every fourth apartment gets its heat from the "gas" boiler. As a heat source, gas ranks second in Germany after oil.

In industry, as we know, an important role is played by the choice of energy resource, especially in view of environmental requirements. Natural gas has good potential for automating industrial heating processes and for conserving energy at industrial installations.

Gas flows from deposits in Western Europe, Russia, and North Africa are monitored by the West European Natural Gas Union, which also integrates gas facilities for German industry. Cooperation among gas firms on the continent makes it possible to distribute the risk among many partners.

Consultation bureaus have also been established in Germany for this purpose. Their services can be used by both industry and ordinary consumers.

The country has a total of more than 500 different gas companies. There is virtually no competition among them, since they have divided the market by means of concession agreements and need fear competition only from suppliers of other energy resources. Incidentally, it looks like they will not be able to prevent such competition completely in the future. Anyone who wants to go into the gas business can build his own pipeline. In 1989, the BASF chemical concern, for example, instructed a subsidiary to extend a gas pipeline branch from the North Sea shore to the upper Rhine.

The future, however, is undoubtedly one of cooperation among the European countries' gas industries. Germany's "Ruhrghaz" concern, in particular, is looking for new forms of cooperation on the eastern market. In conjunction with colleagues from Russia's "Rosstroigazifikatsiya" [Russian Gas Construction] Association, it plans to carry out a number of projects, including the creation of a joint enterprise to produce gas meters for residential buildings, a gas pipeline cleaning operation, and modernization of gas-consuming equipment at industrial enterprises.

POLITICAL AFFAIRS

Khmara Against Early Parliamentary Elections

93UN0282A Lvov ZA VILNU UKRAYINU
in Ukrainian 31 Oct 92 pp 1-2

[Interview with Stepan Khmara by Mariya Bazelyuk, time and place not given: "Stepan Khmara: 'We Are Not Outsiders In Our Own Land'"]

[Text]

[Bazelyuk] Recent events show that reactionary forces have begun an offensive against Ukrainianism in our country. Student beatings in Kiev, political arrests, destruction of national symbols, the burning of Ukrainian schools—what does all this mean from the point of view of a people's deputy of Ukraine?

[Khmara] The situation is not merely alarming; it is threatening. The cause is a total crisis of government at every level. An all-out offensive is being mounted against Ukrainian statehood. On one side, we have the Communist forces, which have always been pro-empire, and on the other side, the fascist Russian chauvinists are rearing their heads ever higher. Moreover, the "Little Russian" government in Ukraine has granted them most favored status. There has not been a single case in which someone has been charged with anti-Ukrainian activity. I regard the President as very much to blame for this. After all, he chose the majority of his representatives from the old Communist apparatus. For example, Shvedchenko, the first deputy presidential representative in Donetsk, is one of the cochairs of the so-called Citizens' Committee. We saw an outrageous demonstration of the government's anti-Ukrainian behavior in the middle of September, when they began by not allowing people to go to Kiev and then beat those travelling to Kiev to picket the Supreme Council. Three days later, they bused in miners from the Donbas, who had been sent by their directors, and the miners stood here holding anti-state symbols and anti-Ukrainian placards. What's more, they were given a tribune from which to deliver a speech that was openly hostile to Ukraine.

I also consider the pogroms against the Crimean Tatars to be an anti-Ukrainian policy, because it is destabilizing and brought us to the brink of bloodshed. Neither the President, nor the Government has done anything to protect the rights of Ukrainians and the Crimean Tatar population in Crimea against chauvinist banditry. There is terrible lawlessness at the local level. There is the menace of organized crime and raging corruption in government structures at all levels. The national wealth is being plundered. The people are defenseless. No reforms are being implemented; there is only the pretense of reforms. Just as there is a pretense at state-building, while in reality there is ruination. Plus the extreme impoverishment of the population. All these things can cause a social explosion, which the "Morozites" and other anti-Ukrainian structures will try to exploit.

The persecution of all things Ukrainian has touched even Kiev. The arrest of Anatoliy Shcherbatyuk vividly testifies to the onslaught of reaction. This is not a solitary incident. People are being arrested and tried for so-called desecration of monuments to Lenin—people who can no longer contain their outrage that monuments to the butcher of the Ukrainian people stand across the whole of eastern Ukraine protected by militiamen, and so they resort to irresponsible acts, such as pouring paint over the idols, for example. People have been tried for such acts in Kharkiv and in Luhansk Oblast. Certain people's deputies who maintain a chauvinist stance, such as Charodyeyev and Meshcheryakov, have gone on the attack. I am outraged by the conduct of some deputies, who seem to regard incidents in which children, young girls, are beaten and pommelled as normal. Or take the following example. Ivan Drach categorically refused to sign the statement protesting the arrest of Anatoliy Shcherbatyuk. What can we expect from others?

[Bazelyuk] Stepan Ilkovych, you have convinced me, perhaps without meaning to, that the Supreme Soviet must be dissolved. But this will be followed by the election of a new council. I have some doubts as to whether the national-democratic forces will win if these elections are held on a multiple-party basis.

[Khmara] There is no question that these matters must be approached in the proper chronological sequence. Yes, we have already waited too long to dissolve the Supreme Council. This should have been done back in the fall of 1990. That is when the conditions for elections were optimum: a high degree of political involvement, romanticism, anticommunist sentiment, the enemy was not disguised. Had the elections been held at the end of 1990, I can assure you that no one would have elected a single Party secretary anywhere, let alone any Central Committee Party functionaries. Now the situation is different, because thanks to Leonid Makarovych's able leadership, the Communist Party nomenklatura has been withdrawn from under attack. It was sheer nonsense when the Communist Party banned itself in order to retain power. The lizard has shed its tail, but it remains a lizard. With power and material resources in its hands, the same Communist nomenklatura is pursuing an anti-state policy. Moreover, a very cunning policy. By allowing some so-called democrats to assume secondary posts with no real importance, they have created a successful cover for themselves.

Certainly, we can expect nothing positive from this Supreme Council. It needs to be dissolved. But present conditions are not favorable for elections for a host of reasons, and an election could bring very unwelcome results. And another thing. I believe that Ukraine is not ready at this time for elections on a multiple-party basis. Our parties are in an embryonic stage. Many of their leaders are politically immature and mediocre. In my opinion, our first task is to form an efficient government, a government of reform, a government of what I would call common sense. Here I tend to agree with the prime minister, who believes that it is impossible to force

privatization in present circumstances, because the Communist mafia, which remains in power, would plunder all the country's wealth. Once again we are confronted by the fact that the failure to settle the political issue of power is torpedoing the normal processes of reform.

Leaving the CIS is a matter of urgent importance. What is most terrible, however, is what Kravchuk is doing—Dagomys, Yalta. Our party has often spoken out in warning against this. Unfortunately, for some reason, our infantile democratic organizations act as if they had been hypnotized and disregard this question completely. It is very important right now to exert pressure on the President with respect to international policy, which is not successful, and with respect to embarking on an active policy of state-building. We need to see to it that the executive bodies and the president's administration begin to function. For example, Davymuka should not have been appointed the president's representative here in Lviv Oblast, and I told the President this and warned him about the consequences he could expect. We proposed another candidate. And so, there are many complaints regarding what the President is doing. He has surrounded himself with the old apparatus, which does not work for the good of Ukraine, and with such advisors as his assistant for national security, Selivanov, formerly of the cadre sector of the Central Committee of the CPU, which was part of the nomenklatura of the KGB and of the Moscow Politburo—in other words, not even part of Kiev's own nomenklatura. I am very concerned about the situation in the Ukrainian Security Service [SBU]. People who want to work for Ukraine see the government's inaction and how it covers up corruption and they leave the SBU. The professionals are leaving and the gendarmes from the Fifth Department are being promoted. The same applies to the Ministry of Internal Affairs. Just think how very dangerous it is that Syomushkin, the former secretary of the Party committee of the KGB Administration, has been appointed head of government communications. This can lead to the loss of statehood.

[Bazelyuk] And this is the situation in which we are heading for elections.

[Khmara] We need to prepare the ground before holding elections. First of all, we need to settle things at the grass-roots level in order to pull the social foundation out from under the local communist mafias. Until we do this, we cannot deal with the Supreme Council. On this same grass-roots level, we need to build healthy structures. Organized labor will play an extremely important role in the future. The formation of genuinely independent trade unions to unite workers with a strong sense of national identity. That is why the Ukrainian Conservative Republican Party [UKRP] supports the creation of independent trade unions. Our democratic parties and movements underestimate their importance. It would make better sense to first conduct elections at the primary level.

[Bazelyuk] At the same time that the reactionary forces are mounting their offensive, we are witnessing an increase in the criminal activities of the separatists. For instance, a similar situation is being instigated in the Donbas as in Crimea.

[Khmara] Kravchuk is contributing to this as well by appointing separatists as his governors—Smyrnov in Donetsk, Krayilo in Zakarpattia, Yermakov in Sevastopol. Sad, but true.

[Bazelyuk] I do not want to end this interview on such a pessimistic note. There must be something that gives us hope for the future?

[Khmara] To begin with, if I were a pessimist, I would not have so much enthusiasm for life. But at the same time, I am a confirmed realist and do not want to comfort people with groundless elation. Everyone must change from a slave into a human being, from a Little Russian into a Ukrainian; everyone needs to understand that each citizen has an obligation to his Fatherland to ensure that it becomes a Ukrainian state with a just order. That is precisely what this state should be—Ukrainian and national. The Ukrainian nation must become the foundation of state-building. We are not outsiders in this land; it was granted us by God, and we have lived in it for millennia. We are not nomads. The nomads are those who have settled in Ukraine and now want to impose their will on us.

One more thing. There can be no talk of some sort of federal system for Ukraine. This is a unitary state, in which the autochthonous Ukrainian nation considers it to be its responsibility to concern itself with the welfare of national minorities. But under no circumstances can we allow these minorities to dictate to us, because God will punish us for this. And so, we must change from Little Russians into Ukrainians. Otherwise Ukrainians have no reason to live in this world.

Opposition Criticized for Irresponsibility

93UN0251A Lvov ZA VILNU UKRAYINU
in Ukrainian 17 Oct 92 p 1

[Article by M. Levytskyy under the "Opinion" rubric: "Unity Slips In Through the Cracks: An Attempt To Analyze the Cause of the Defeat of the 'Opposition'"]

[Text] Kiev—The retirement of Fokin, prime minister of the Ukrainian government, the lack of confidence in the entire government expressed by the Supreme Soviet, and the selection of Leonid Kuchma as leader of the Cabinet are at the center of attention of politicians, publicists, and commentators. Individual politicians, and thus the journalists as well, race one another to declare that the Supreme Soviet, under pressure from the democratic forces, has taken an heroic step by defining the place of executive power in Ukrainian state structures.

Casting off euphoria and the early emotions, let us try to look more critically and with the perspective of time at

what has happened. I would like to use as a background for analysis the recent news conference of New Ukraine, which took place some time prior to the debates concerning candidates for prime minister. The assertion of various political forces that on 1 October the seat of executive power was finally determined to be in the Supreme Soviet is, at the very least, shortsighted. Indeed, in what state could a government operate effectively, finding itself "locked out" of high politics? In our country the dismissal of the government is viewed as an event of great significance and as an attempt by the Supreme Soviet to control the executive structures.

However, it is necessary to note that control must be exercised within the framework of a law on the delimitation of power. Ukraine has not had such a law. One can guess why the government did not submit the necessary draft. However, it is not as easy to understand why the opposition has not done this either. After all, it should have taken this step on the eve of declaring its opposition to the government!

But it did not happen. In its place, something else happened—something unexpected. The opposition, in other words New Ukraine and Rukh, having amiably voted for the dismissal of the government, began to refuse responsibility for the consequences of the dismissal, and for the formation of a new executive structure as well. How is this for heroism with one's head in the sand?

Mr. Filenko, leader of New Ukraine, explains this position by the fact that with the change of government there was no change of power. In his opinion, in such a situation it is impossible to take part in the formation of a government. Then why have they spent more than six months parading the fact of their opposition? After all, an opposition is, first and foremost, one's own program and one's own candidates for executive structures....

Judging by the speech of Vyacheslav Chornovil in the Supreme Soviet during the June debates on the government, one could have come to the conclusion that Rukh, with its Ukraine-wide structures, had opposition executive organs already formed. Let us recall the words of the leader of Rukh addressed to the president: "At any moment I can put on the table for you the makeup of a new cabinet."

More than three months have passed since that time. It seemed that the dismissal of the government was not the least bit unexpected. Unfortunately, there is a great difference between the expected and the actual. At an assembly of the deputies' faction of Rukh the distribution of ministerial portfolios took place in a hurried and peremptory fashion. After this, it was bitterly announced: "We already know that the present Supreme Soviet will not approve any of our candidates, but we must put forward our list, or the people will accuse us of inactivity." But why this pretense in the approach to one of the most important events in the process of assertion of statehood? Is not this, respected politicians, poor

service to the state and grist for the mill of the socialists and all types of those opposed to statehood?

....Old people used to say that there is no use crying over spilt milk, although one might reflect on how it happened. The same situation has appeared at the pinnacle of the state pyramid of Ukraine. Progressive ministers were dismissed along with reactionaries. Whether they will be renewed will depend on the position of all statehood politicians in the parliament and their cohesion.

On the eve of the latest attempt, leaders of the Congress of National Democratic Forces [KNDS] said that the stability of the state requires complete sacrifice. The KNDS also expressed a readiness to enter into contact with any party or public political organization that takes a pro-statehood position. Although many of the capital's journalists managed not to hear this statement and many treated it with irony, the politicians must understand that the interests of the state are above everything else.

Will the voice of the KNDS be heard?

New Ukraine, which has one of the most numerous deputations in the Supreme Soviet, did not give an unambiguous response to this appeal. On one hand B. Filenko, its chairman, declared that the gentlemen and comrades of New Ukraine would not take part in the nomination of a head of the government, because there would be, he said, a fight between the industrial and trade lobbies. On the other hand, O. Shcherbyna, chairman of the parliamentary faction of New Ukraine, emphasized several times the exceptional features of New Ukraine: "One must understand that we have the personnel. Who beside New Ukraine is able to write a reasonable economic program?"

This, to put it crudely, is self-love. We must note that the program of New Ukraine is just as declarative as the programs of other parties and organizations. The proposals read by V. Filenko in the Supreme Soviet with regard to the path of performance of reforms are in harmony with the programs of Rukh and the Ukrainian Republican Party. Here it is appropriate to ask: Why do we have many different organizations with harmonizing programs? The answer to that could be the subject of a separate discussion.

It is not difficult to notice that the "personnel" have not thought up anything of genius in this instance.

Unfortunately, one must with a bitter taste note that the attempts of the politicians of the sixties to unite specialists around themselves, in addition to purely objective factors (patriotic parties and organizations, in particular, are so poor that they cannot maintain scientists), run up against disfavor in various sectors of society. At rallies such activity is called treason, and one hears gutter expressions that border on profanity. However, if such an approach becomes a fundamental one, this may later be the cause of more than one Ukrainian tragedy.

For a long time the political environment has been emphasizing the need to create a government of national harmony, seeing in this a guarantee of positive transformations on the economic level. These days, circumstances themselves require this.

In his own forecasts, Volodymyr Filenko predicts that such a rallying will coincide with future elections to the parliament. As for the present day, he says, "We had one question upon which we worked together—that was the fight for Fokin's resignation. As for other things, we have our own programs...."

Draft Constitution Seen as Contradictory

93UN0324A Moscow PRAVDA in Russian 18 Nov 92
p 2

[Article by N. Mironov, PRAVDA correspondent: "Ukraine: Draft Constitution—Knot of Contradictions. A Mandate Is Not a Sword, But a Shield"]

[Text] Nationwide discussion of the new draft constitution has come to an end. Sessions of the oblast soviets of people's deputies was the final stage in the course of which some unflattering evaluations were made of this document. President Kravchuk deemed it necessary to express his personal thoughts in that regard in the press. (GOLOS UKRAINY, 12 November).

Deputies of the oblast soviet at Dnepropetrovsk, for instance, came to the conclusion that certain articles in the draft require radical changes. Many statutes should be excluded completely or fully rewritten. Similar voices were heard at a session in Zaporozhye. A negative evaluation of the document was also given in Donetsk, Sumy, and at the city and district soviets in Kiev, Kharkov, and other regions.

A knot of contradictions developed, first of all, around articles dealing with power. What will it be like at the local level—elected by the people or appointed by the president? What sort of a mandate will it have? Who will it be subordinated to and who may replace it if necessary? Many delegates of the oblast soviets believe that there cannot even be any talk about people's rule if the constitution is adopted in its proposed form.

Yes, the president agrees: "We approached the problem concerning decentralization of power in the new draft constitution. Most likely we did accomplish that, but probably not quite successfully, failing to achieve adequate clarity when elaborating the organization of state executive power and self-rule, and their interaction.

That, of course, is putting it rather mildly. Deputies were less diplomatic at the sessions, frankly declaring that they do not see the main point in the draft—how will the effective organs of power be formed at the local level, and, in general, what will it be like—unitary-centralized, unitary-decentralized, or federated.

Specialized laws are evidently needed on the election of representative organs of power at all levels and on election of chairmen of soviets by direct vote, that is by the entire population. But there are not only no such laws, they are not even being elaborated. It seems to be illogical to postpone their preparation until later, after the new constitution is adopted. It is impossible to be concerned exclusively with the initiation of fresh election campaigns. At some point, after all, it is necessary to also work, push through some reforms which, according to general opinion in Ukraine, are lagging far behind those in other neighboring countries.

In connection with that let us note that the new draft constitution devotes adequate attention to the development of market relations. It consolidates the right of private ownership and contains a special chapter devoted to entrepreneurship. It even says that the state has no right to intervene in the economic activity of enterprises with the exception of cases involving declaration of a state of emergency or martial law. These postulates were accepted essentially without objections. The intervention by government in questions which are within the competence of organs of self-rule, however, are being received in a pained manner. It is proposed that a representative of the president be elected and also endowed with the powers of a chairman of the oblast soviet as a measure designed to avoid future incidents.

The president appears prepared to agree to such an approach, it is true, on the condition of a mandatory control of any power from above with the right of eliminating it, even when it is elected by the people. Cases of such elimination may be stipulated by law.

There is also considerable divergence in the evaluation of those sections and articles of the constitution pertaining to the organization of judicial power, and the place of the procurator's office. In other words, nationwide discussion of the new draft constitution is finished. But the path to the adoption of its final version, however, is quite thorny.

Human Rights Seen As Still Not Safeguarded

93UN0266A Kiev NEZAVISIMOST in Ukrainian
31 Oct 92 pp 4-5

[Article by Yuriy Ayvazyan, vice-president of the Ukrainian Legal Foundation: "Human Rights in the Ukrainian Mirror"—Article is based on a speech delivered at the First World Congress of Ukrainian Lawyers according to NEZAVISIMOST note.]

[Text] The famous nineteenth century German philosopher, Arthur Schopenhauer, once said: "One must live one's life in such a way so as not to accidentally destroy someone along with oneself." Another thinker, the celebrated American, Kurt Vonnegut, once wrote: "God! Allow me to understand what can be understood, change what can be changed, and, God, give me strength to accept what I can neither understand nor change." These two statements, so different in many ways, share a

common theme: great respect for life, society, and the individual. The individual gives both life and society personal meaning and is society's highest value.

People have been fighting for their rights for many centuries. In this often bloody struggle, they have died, even as they still die today by the thousands. This despite the fact that, in principle, mankind has long since determined that there must be universal recognition of the preeminence of the individual; long since defined the internal and external world or, more precisely, the inherent and inalienable rights, which are possessed only by the individual; long since devised the mechanism by which an individual realizes these rights; and, most important, despite the fact that it has long since become self-evident that individuals need not wave a club around to prove the importance of their being.

Now that the plague of the 20th century—red ideology—has finally been destroyed, now that the world is no longer divided in half and poised on the verge of the thermonuclear abyss, mankind is ready to enter a new era of existence—an era, in which each step it takes and each conflict that arises shall be viewed solely in the context of the world community. Is Ukraine ready to enter the second millennium in step with other countries? Is our culture, or, more precisely, our attitude to one another, just and sufficiently tolerant? Is the legal foundation of our statehood such that it is based, above all, on the lofty international premise of the importance of the individual?

...It happens that for the last few years I have been in the vortex of the events that brought Ukraine to independence. To me, "human rights" and "defense of political freedoms" are not just empty phrases. Along with colleagues who shared my views, I made every effort to intrude myself into the rapid processes of change that attended our people on the road to national freedom. We were able to do many things, but solving the majority of problems was beyond our influence and capabilities. As a participant and witness of these events, I am forced to conclude with some sadness that the transformations in the realm of national statehood have greatly outpaced the evolution of our social, state, and legal culture and of our civic consciousness. Set against the background of such obvious distortion, political and other rights and freedoms of citizens, though formally proclaimed, are in practice not only being forgotten, but sometimes openly denied or even brutally violated. This disregard holds for everybody, from the President and other high government officials down to many a village princeling on the order of the collective farm chairman. Moreover, as has always been our custom, those at the top set the example.

If we approach the problems our society faces in the sphere of human rights in a conceptual fashion, we need to divide these problems into two main groups. The first relates to lawmaking and the second, to how laws are implemented.

Let us begin with the second group as the more visible. One is immediately tempted to pose the question to our parliament: "Messieurs deputies, how do things stand in our country with respect to freedom of speech and information?" And then to follow it up in an openly aggressive fashion by grabbing the microphone and shouting in imitation of the leader of the famous Ukrainian rock group: "I don't hear you!.. I don't hear you!!!" But even leaving aside this half-joking gesture, it is easy enough to answer one's own rather rhetorical question with the words: "They have no standing whatsoever." It goes without saying that such an important element of democratic society as freedom of speech will remain strictly on paper unless every citizen has every opportunity to address the public, or government bodies, or official persons—especially high officials—through the mass media and express his beliefs and opinions on various political or social issues. But what about our press—what examples of free speech does it offer our citizens? Are people able to read in the overwhelming majority of Ukrainian newspapers about the things that concern them; do these newspapers reflect the true political, economic, and social state of our society? I think not. The present, as portrayed in these newspapers, brings to mind some storybook land on an ice floe that has broken away from the mainland and is drifting in complete isolation in the middle of a vast ocean. An exact diagnosis is possible: in many cases, our press is ruthlessly controlled by the state. This control is exercised in many ways: through government subsidies (given present economic conditions, most newspapers and journals are unable to survive on their own) and through direct influence on editors (who have not yet rid themselves of the complex of "obedience and responsibility" to "the powerful of this world").

We can count on our fingers those publications which in the midst of a chorus of cheap lies try to bring the people the truth. But the state deals ruthlessly with such "white crows." Recall that just recently the Office of the Procurator General of Ukraine filed criminal charges against NEZAVISIMOST and VECHIRNIY KYIV. Inasmuch as I am familiar with these matters, I can state quite categorically that there is no legal basis for any of these criminal cases. This "state policy" attests to the nature of the view in which the state's highest officials hold the cornerstone of democracy—freedom of speech. And what about our radio and television? They are devoid of anything remotely resembling meaningful information about the political and economic situation in Ukraine; instead, they offer wholesale profanation of folk creativity, while everything else is one big lie. If what we see on Ukrainian Television is the government's official notion of democracy, freedom of speech and information, then I do not want such democracy, and I do not want such a government!

For some reason, the President of Ukraine believes that bringing criminal charges against independent newspapers, for example, is a matter to be dealt with by competent organs. As if to say, let them sort these things

out by themselves! But I disagree wholeheartedly with the esteemed President that the issue of democracy in Ukraine is an "issue" to be left to the competent organs—no matter that some are perhaps accustomed to think so because they don't know any better.

In December 1990, Ukraine signed the Optional Protocol to the International Covenant on Civil and Political Rights and thereby assumed the great and noble obligation to observe all the provisions concerning human rights by which the civilized countries of the world are bound. Long before this, the representative of the Ukrainian delegation which represented our country at the hearings of the UN Commission on Human Rights, Academician Fedir Burchak, who heads the legal department of the Secretariat of the Supreme Council, devoted his address to persuading the chairman of the hearing that in terms of the status of observance of human rights, Ukraine is ready to join this Covenant sooner than any other republic of the former Soviet Union. At the very same time that the respected speaker was doing his best to convince the very exigent members of the hearing about how well the citizens of Ukraine are "treated," People's Deputy Stepan Khmara was being arrested inside the walls of the Supreme Council of that very same Ukraine.

The "Khmara case," as it became popularly known, will one day be included in law textbooks as a classic example of a state's legal nihilism, in keeping with which all the officials involved in this case, ranging from the then chairman of the Supreme Council, Leonid Kravchuk, and the entire contingent of people's deputies to the investigators of the Procurator's Office and the guards at the Lubyanka, transgressed the law. Here is only a brief list of the violations committed. Presiding over a session of the Supreme Council at which the question of stripping Khmara of his parliamentary immunity was being deliberated, the chairman of the Supreme Council in breach of regulations opened the question to debate by the deputies, put the question to a vote in the absence of a quorum, and did his utmost to defend the Supreme Council's illegal decision even after Khmara's arrest and long hunger strike. The Supreme Council agreed to examine this matter without regard for legal procedure and without preliminary review in the appropriate commissions; it placed the question on the agenda of the session, and despite having reliable information that there was no quorum when the decision was passed, refused more than once to reconsider its mistake.

The Procurator General of Ukraine submitted the question of bringing criminal charges against Deputy Khmara and arresting him to the session of the Supreme Council for deliberation without conducting an adequate preinvestigation examination, misled the deputies by asserting his conviction of Khmara's guilt, and throughout the entire year and a half that the investigation in this case went on, deliberately shut his eyes to the blatant violation of a deputy's rights, was directly responsible for several falsifications in the case, and sanctioned Khmara's illegal arrest. In the course of its

"work" in this case, the investigation group of the Procurator's Office managed to violate all existing norms of the Ukrainian Code of Criminal Procedure; it resorted to falsifications, illegal searches, beatings, cruelty, blackmail, and threats. The chairman of the Supreme Court of Ukraine delayed reviewing the case and was an accomplice in the second and third illegal arrests of Khmara. The Supreme Court judge presiding in the Khmara case, who hypocritically insisted that the trial was open, in fact instituted a closed-trial regime with the help of the Special Assignment Militia Units [OMON] and rubber truncheons. On more than one occasion, even the defendant's attorneys were not permitted into the courtroom. The judge treated the defendants brutally, deliberately holding them for days on end in court cells resembling doghouses in size; he calmly watched as the defendants were repeatedly beaten right in the courtroom by the militiamen from the special units, conducted the trial in a demonstratively accusatory manner, categorically rejecting everything that could have established the truth, and closed the case without the defendants' consent. The chairman of the Committee for State Security of Ukraine [KGB] (now the Security Service of Ukraine) clearly played an active role in giving this case the "appearance of legality" (most of the falsifications and false witnesses were inspired by the operatives of this very department). The Minister of Internal Affairs of Ukraine did his utmost to suppress every attempt at holding a public protest in defense of the deputy in disfavor, and many people who called for Khmara's release were beaten on his instructions.

Most of those I have named above continue to hold office at various government levels, and some have even been promoted. Yet not one of them has apologized to Stepan Khmara. I know this for a fact.

Several other criminal investigations against well-known activists of the national-democratic movement in Ukraine were held at the same time. All of these cases were overtly political in nature and boiled down to nothing more than simple persecution of people for their convictions. Take, for example, the travesty of justice to which the world-famous dissident, Anatoliy Lupynis, who "devoted" 25 of his best years to Brezhnev's camps, was subjected. Despite a complete lack of evidence against him, our famous Ukrainian militia locked Lupynis away in a psychiatric hospital in classic Soviet investigative style.

I cannot imagine what would have happened to all these people were it not for the putsch in Russia. This event forced the President to reconsider "posthaste" his view of the "means" and "methods" of building a "democratic, rule-of-law state," and, as is customary here, this new awareness radiated throughout the entire Ukrainian realm...

It is possible to cite many such human rights violations in Ukraine. Unfortunately, lack of space prevents me from doing so. But I have the undisputed right to state at the top of my voice that as long as this kind of latitude

[bezmezhhzha] in human rights and freedoms exists in our state, as long as we have not condemned our past and present mistakes, we do not have the moral right to call ourselves a civilized state.

Turning to another, no less important, series of problems associated with human rights, we should stress, above all, the urgent need to bring Ukraine's laws into conformity with those international legal documents on human rights which our country has become a party to. It should be noted that the state is not doing any work in this sphere or is working very slowly. Although modern Ukrainian legislation is founded on the concept of the priority of the international legal norms that we have recognized, this just principle is not being applied in legal practice owing to the low degree of professional awareness among our lawyers, especially those responsible for adopting decisions that affect other people.

Let me cite the following example. While acting as defense attorneys for the journalist Mykola Knyazhetskyy, I and my colleague, Viktor Nikazakov, proposed to the head of the investigation administration of the Office of the Procurator General of Ukraine, Mister Bolibok, that he abide by the principle described above. To this we received the following reply: "We don't need your American laws; our own laws suffice us." And this was said, metaphorically speaking, by the chief investigator of Ukraine, on whom depend the fates of thousands of people, and in some cases, their lives. I do not wish to appear a pessimist, but we have many such Boliboks.

I am convinced that our legislation must be made consistent with international norms as soon as possible. It is important that this be attended by publicity and done with the participation of the public at large. The recently formed human rights organization, the Human Rights League, has already made a beginning. A group of experts is being organized to review existing legislation. When they complete their review, they will submit the necessary recommendations to the Supreme Council. I am certain that sooner or later Ukraine will restore its democratic traditions and honorably join the European Community of states with age-old traditions of respect for human rights.

Top Security Official Interviewed on Crime

WS1711133992 Kiev KHRESHCHATYK in Ukrainian
30 Oct 92 p 5

[Interview with Hryhoriy Omelchenko, head of the Ukrainian Security Service, SBU, department in charge of combating corruption and organized crime, by Yuriy Semovolos: "Not Only Mafia..." under the "Political Profile" rubric—first two paragraphs are correspondent's introduction]

[Text] *At first glance, his biography is nothing unusual: Born into a peasant's family in Poltava Oblast in 1951. After finishing school, he started to work at the radhosp [Soviet collective farm]. He graduated from the Law*

Department at Kiev State University. From that time, our paths took different directions: he worked as an investigator in law enforcement bodies at the Ministry of Internal Affairs. Then, he became a candidate of law sciences and a teacher at the Highest School of Militia, where he found himself in a hurly-burly of events, troubles, and the workday routine. All this was far from, so to say, the civilian life of a journalist.

His personal image developed during his student years vanished when, four years ago, he brought to our newspaper's office some materials about the Mafia in the erstwhile Ukrainian Soviet Socialist Republic (was there anyone at that time who would dare to think and speak, let alone write, about it?) that laid bare abuse and corruption by Ukrainian nomenklatura and Kremlin bribe-takers. Those were troubled days both for Hryhoriy and our staff, though perestroika, glasnost, and democracy were flaunted in front of the whole world. And during those times, one often thought what an ungrateful, complicated, and sometimes dangerous thing politics was. He, however, did not try to hide or escape from it. And not only because he is the chairman of the Ukrainian Officers' Association and a well-known author of sharp political newspaper articles, but also because his official position threw him in the mainstream of events where the fate of the state is decided.

[Semovolos] So, you are back in the saddle again?

[Omelchenko] Yes, now I am a colonel of the Ukrainian Security Service and head the department for combating corruption and organized crime at the SBU Military Counterintelligence Chief Administration. Now that I am here, I am becoming increasingly convinced that the rampant crime poses a deadly threat to our state.

I recall that in early 1990, I brought to the office of MOLODA HVARDIA an open letter from a group of candidates for Ukrainian people's deputies who called upon the Republic's procuracy general to institute criminal proceedings against the nomenklatura. The high-ranking officials were rendered services, goods, and foodstuffs almost for free at the expense of the state. Over the years of Communist power, hundreds of thousands of rubles' worth of the people's property was stolen. And the procuracy? Because of its communist nature, it did not intend to solve the problem. There was an attempt to initiate an investigation through the legislature. The issue of forming a commission to combat privileges and corruption in the highest echelons of power was brought up scores of times in the Supreme Council. The commission has not been formed until today.

[Semovolos] Does that mean that the new times have come, but the problems are increasing?

[Omelchenko] Time is passing, but it does not change. I cannot bring myself to call these times new. I regret to say that crime is growing and pervading new spheres of life across all the levels. The lowest level is represented by the "thieves in the law"—groups of criminals who

steal the national and private property, and are engaged in racketeering, drug trafficking, and prostitution. For example, the infamous "Skull," "Bullet," "Ali-Baba," and the like carved up the territory into their turfs where they reign. They do not constitute a serious or lasting threat to the state as long as the law enforcement structures are not corrupted themselves.

Trade and industrial is the other level of Mafia. The state monopoly on production means and distribution of wealth makes a favorable hot-bed for it. Let us recall: over the two or three months of price hikes, even small things like needles and matches disappeared... After the prices soared, the store shelves became crammed with goods. Everything once hoarded is readily available. According to our experts' estimate, the trade and industrial Mafia in Kiev alone cashed in more than 500 million rubles [R] on such a scam.

On the third level is the political Mafia made up of representatives of the former party structures. I do not want to offend them, but I believe that Mafia means not only terror with shoot-outs and dead bodies. In the first place, it is a union of forces, particularly political, that have their corporate aims and interests and want to profit from people's work. Former high-ranking officials from the Central Committee, obkoms, miskkoms, and raykoms [oblast, city, and rayon party committees, respectively] sneaked into commercial structures and created small joint ventures or companies whose invested capital amounted to R3-5 million as late as in 1990-1991, after the ill-fated State of Emergency State Committee. In their activities, they also take advantage of state funds and real property, or even entire enterprises. These entrepreneurs control staggering wealth that has influence even over the Supreme Council and the executive structures, where the former staff of whole administrations, Central Committee departments, and obkoms are entrenched. The same situation exists in the law enforcement and other governing bodies.

And where did the people go, who for years were engaged in combating the Ukrainian statehood, the so-called Ukrainian bourgeois nationalism, and counter propaganda? Almost all of them went to the Ukrainian Academy of Sciences, reincarnated from philosophers into political scientists.

[Semovolos] As late as last October, you were insisting that a "silent communist coup had taken place..."

[Omelchenko] Is this not so? Let us see, the majority in the Supreme Council and the councils on lower levels are held by former communist, Soviet, and industrial leaders. Disciples and proteges of the CPSU are in the industrial and business circles, among the president's representatives, in the executive and law enforcement bodies—militia, court, procuracy, and the SBU. Here is what the tissue of the state organism consists of. That is how conditions were created for the fourth level of Mafia, the mixed one: trade- industrial and political.

Over more than two years, since the Supreme Council started to operate, there were four attempts to pass a law on combating corruption and organized crime. But the ministries and the Cabinet of Ministers dragged their heels over the draft. And why has the law on the resignation of functionaries, also because of lack of confidence, been not adopted? Why in two years have they not adopted the law on the elections and the procedures for discharging people's deputies?

Here is another alarming fact. Dozens of people's deputies are consultants, experts, or cofounders of commercial structures. The president has some evidence on this, which he frequently admitted on television. But one threat to the independence of Ukraine still remains—the corruption of the government bodies. Even now, when 60 percent of the population falls below the poverty level, the process of polarization of the society and the division into the rich and poor is going on. Just look who drives Toyotas, Mercedes, and Volvos—not only those who are entitled to this by their position. Go to the ecologically clean area surrounding Kiev and you will see that people's deputies, generals, and managers of, so to say today's convocation, erect real palaces instead of modest cottages. So, God forbid that a new Zhirinovskiy [leader of Russian ultra-right organization] shall appear and point out an "enemy" and promise cheap bread, vodka, and sausages, while the people keep complaining: What did democracy and independence give us when wages in Russia are twice as much and prices half as much?

[Semovolos] But in Russia, too, former Communists are in power. Is there anything special about them?

[Omelchenko] First of all, the breakup of old ties between the former Soviet republics and regions was very harmful to us. It was compounded by the lack of any effective reforms. Have the laws on land property and privatization been adopted? These are rhetorical questions. In 1990, the state property constituted 97 percent, while today it is as much as 94 percent. Communist by its nature, Fokin's Cabinet of Ministers was simply unable to change anything for the better. Lack of ability to think and act independently, narrow-minded corporate interests, nepotism—these are and always have been real obstacles.

[Semovolos] Difficulties, obstacles. And everything because of the Mafia? Is there not even a faint glimmer of hope?

[Omelchenko] I set great hopes on the new Prime Minister Leonid Kuchma. As far as I understand, he advocates the consolidation of the economic policy according to the principle: make the economy work for the people and not for the interest of some party. And second, which is extremely important, one should be a professional and demand that others be the same. This is what the Cabinet of Ministers should look like.

[Semovolos] But where do we obtain real professionals?

[Omelchenko] As of today, the president elected by all the people is the only state structure and a symbol of statehood and independence. He was elected after Ukraine had been declared independent. He is the one around whom all the forces—parties, Rukh, "New Ukraine," and other political unions—ought to rally. The Supreme Council should also abandon its ambitions. Only then will the formation of an efficient and productive Cabinet of Ministers for the transition period be possible.

[Semovolos] What does the "transition period" mean?

[Omelchenko] The Supreme Council of current convocation used itself up and, in my opinion, became politically dead. It was formed in the Ukrainian Soviet Socialist Republic, under the reign of the Communist dictatorship. Morally, it has died as the highest legislative and people's representative body. That happened last October, when most of the deputies were bought over by various privileges, dachas, cars, posts, and official trips abroad. So, they must adopt the law on the 1993 elections and resign. Hopefully, this law will be adopted in late November.

[Semovolos] And what about the referendum?

[Omelchenko] Yes, the drive to collect 3 million signatures to hold a referendum about the confidence in the current Supreme Council is under way. This means more budget spending. I am sure that a lot more signatures will be collected. That is the way that people are going to express their concern, in other words their mistrust. So, why hold the referendum and incur additional costs? Until the elections, the government could be exercised by the president, prime minister, and the Cabinet of Ministers. What ranks first now is maintaining civil peace and consolidating all political forces.

[Semovolos] Who can guarantee that?

[Omelchenko] The Army, an organized force and the force that pledged allegiance to its people.

[Semovolos] And the last, very personal question: Do you have a political idol? Or political enemy?

[Omelchenko] I get by without any idols, and do not look for political enemies. In politics, there can only be competition, and not feuding.

Ethnic Hungarian Leader in Ukraine Interviewed

93BA0070A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 13 Oct 92 pp 1, 3

[Interview with Mihaly Toth, Ukrainian regional prefect and head of the Beregovo State Administrative District, by Jozsef Birtok; place and date not given: "Participation—At All Levels"]

[Text]

[Birtok] Please tell me about your authority and jurisdiction first.

[Toth] The regional prefect system began functioning last spring. It includes the exercise of both supervisory authority and executive power in the region. The scope of executive power exercised by this office is not complete only so far as some of it had been delegated to local councils as their own power, and I, too, can delegate certain powers pursuant to law either to all of the local bodies or to any given local body.

[Birtok] Is your system a hierarchical structure? Are you subordinate to the county prefect?

[Toth] Yes, it is an absolutely vertical system consisting of the president of the state, the county prefect, and myself. This system functions under the head of the state and not under the council of ministers, but from a practical standpoint the prime minister's official decrees and other actions are also implemented by the regional prefect's staff.

[Birtok] Is it within your authority to review the legality of local action?

[Toth] My authority is that of a prefect. Accordingly, I call upon those who create illegal measures to change those measures; subsequent steps include suspension and challenge in courts.

[Birtok] You are an official serving in a hierarchical structure, but you are also an advocate of decentralization based on autonomous principles—you developed the proposal for autonomous governance there....

[Toth] When I was asked and recommended to fill this post last spring, I recognized a chance for enforcing the right to national self-determination, at least in a partial form. This is why I agreed to serve in this capacity.

[Birtok] How did the community react to your appointment?

[Toth] I discussed this appointment with the executive body of the organization. They tacitly took note of the appointment. In essence, every adverse aspect of this matter—both the moral and the financial aspects—has been considered. But it is this duality that's bad in this situation.

[Birtok] In analyzing the autonomy issue the first reference you made related to the definitive role played by the liberal economy during the Czech era....

[Toth] ... and the progressing economic system—interlaced with an essentially almost full cultural autonomy—was virtually capable of managing conflicts between nationalities in some form....

[Birtok] Do you envision a chance in the coming years for a similar solution in Ukraine?

[Toth] Realistically, one can only approach this matter at the level of principles, politics, and legislation. Economic uplift is the key issue, this is what could really help, but this is also the most difficult issue. Economic uplift often does not depend on the good intentions of specific bureaucrats, governments, or parliaments; the laws of the economy function within their own system....

[Birtok] At the same time nationalist tendencies are also gaining strength in Ukraine. Do you see a chance for instituting processes identical to those we see in most of the socialist successor states?

[Toth] There is a chance. There is a chance for that.

[Birtok] How is the relationship between minorities in Ukraine?

[Toth] A relationship exists; in principle there also exists a federation of minority organizations. In addition, there also exists by now an office at the ministerial level that deals with nationality issues. But it is very difficult to deal with these issues on the basis of uniform principles because the historical background, the mentality, and the geographic location of minorities in Ukraine is so varied. Without trying to aggrandize ourselves, I believe that the situation of Hungarians is very different from that of the rest of the minorities. According to my understanding, the KMKSZ [Cultural Association of Hungarians in the Lower Carpathian Region] is seeking, and in most instances is finding, opportunities for establishing relationships with the rest of the organizations, and for joint action.

[Birtok] As you have indicated, the economic aspects play a primary role in autonomous governance, and the rest of the things evolve from that. At the same time you also said that one has to try to set aside the political implications of this matter. Is it possible to set aside the political implications of autonomy? You also said that nationalist tendencies have gained strength since the debate over autonomy began....

[Toth] Clearly, all these things are included. In areas where a minority is in the majority, the minority must be able to defend, and must be able to live its own economic and ethnic life—this is a basic necessity. When I said that we should set aside political implications, I meant to say that we should not try to maximize the acquisition of the state's authority and jurisdiction. It is impossible to fully implement this, of course. But the framework for the exercise of the right to limited self-determination must be established in some form, as a halfway solution. One has to be careful with the political aspects of this matter, and with things that have the character of state functions because such things have the potential of really encroaching on the interests of the existing state. We must find solutions which do not offend the state. This presents a difficult problem, but we must seek a solution.

[Birtok] Would you summarize the essence of this proposed autonomy?

[Toth] It has three main parts: cultural autonomy, autonomous government administration, and economic autonomy.

Within cultural autonomy the existence of a national institutional system and language use are underscored. In the framework of government administration the issue pertains to the choice and selection of cadres and the exercise of special authorities, which provide for free communications and for the free administration of affairs through the administration, without infringing upon the rights of the majority. Two alternatives are possible in this regard: the existing executive system provided for by law, and, at the same time, representation in higher level organs that exercise power. Economic autonomy means using these avenues for the acquisition of stronger and broader authority than provided for by law, to take advantage of opportunities and to acquire property to operate the institutions. I believe that this could be disregarded if the state provided central guarantees to provide for such things.

[Birtok] A recurring question: How does the majority relate to this? To what extent will those in dispersion suffer as a result?

[Toth] This contrast appears differently as soon as we remove from this issue the characteristics of statehood. We have historical precedents for this even in the Lower Carpathian: There has indeed been an October 1938 and a March 1939. On those occasions Hungarians constituting a bloc had indeed been separated from those living in dispersion, and this had indeed produced reprisals. This experience has produced huge disputes even within the KMKSZ. In the end the solution was akin to "having your cake and eating it, too." At the same time and place they agreed to the principles of both personal (cultural) and regional autonomy.

I believe that those who claim that the solution can only be found in full democratization are also correct. If we have the survival of the Hungarian people as our goal, those living in a bloc have a better chance for survival. Here, too, the disintegration of the dispersion takes place at such rapid pace that the process is going to be complete within a few decades if it continues.

And we once again run into concerns if we consider democratic ways in which the majority could view this problem.... We must seek a solution. We have no prescription—neither I nor the organization has a prescription.

[Birtok] You said that it would be inconceivable to you not to permit participation in the exercise of leadership functions by those in a relative minority ...

[Toth] To be sure, we do not have a situation like in Kolozsvár [Cluj-Napoca], a city that has a large Hungarian minority population, where not a single Hungarian holds office. In the Ungvár [Uzhgorod] district, where Hungarians constitute a relative minority, most leaders appoint Hungarians as their deputies. Just what

kinds of Hungarians they appoint is a different matter. I have stressed before that this system continues to function essentially as a remnant of the communist institutional system. I am not concerned with the continued life of this system; instead, we must resolve the issue of participation in the exercise of power by those in a relative minority. We must find a way not only to be represented, but also for direct participation in the exercise of power, in administration, and in the exercise of executive authority.

ECONOMIC AFFAIRS

Government Capable of Implementing Reform Needed

93UN0110A Kiev NARODNA HAZETA in Ukrainian
No 39, Oct 92 pp 1, 7

[Interview with member of the State Duma of Ukraine and member of the Central leadership of Rukh Volodymyr Chernyak, by Yuriy Lukanov; place and date not given: "What Sort of Government Do We Need"]

[Text] The answers of the member of the State Duma and member of the Central leadership of Rukh.

[Lukanov] The campaign to gather signatures for the recall of the current membership of the Supreme Council is growing in tempo. Meanwhile, the Supreme Council has already dismissed the current government. The opponents of such "crooked" measures maintain that the dismissal of the government and the parliament will lead to the destabilization of society. What would you say on this matter?

[Chernyak] I am not inclined to exaggerate the significance of the dismissal of the government, or even of the prime minister. Remember the Pyrrhic victory of the democratic forces, when Masol was dismissed? We will not save the economy merely by the dismissal of the prime minister or even of the government. Economic and political primitivism, according to which all problems will be resolved by the replacement of these or those officials, or by the realization of some sort of extremely simple decisions, has become widespread among us. The essence of the problem lies not in dismissing the government, but in forming a reform government, a government of professionals and reformers, and the creation of conditions, first of all legislative ones, for other activity. People of the right orientation are needed, who will hold to a line, and not hold on to their seats.

The economic situation is very serious, and this gave some basis to coming out against the dismissal of the government, since this, supposedly, would add to destabilization. I do not rule out that this will really take place, but on the other hand, preservation of the status quo does not mean stabilization of the situation. And so the only way out is the formation of a reform government.

And so, the current Supreme Council has expressed a lack of confidence in the Cabinet of Ministers. But is it

capable of forming a reform government? I am afraid that, with us, each successive premier will be worse than the preceding one, as in the saying which asserts: each successive spouse is worse than the last. And so, if one looks to the roots, then the essence of the problem is not with the government but with the Supreme Council and the President.

[Lukanov] But no one is denying the necessity of carrying out reforms; Vitold Fokin's team did not deny it. It is a different matter that they understand these reforms in their own ways: they make general pronouncements about privatization and commercialization and at the same time, as said Valentin Simonenko, who was appointed as first vice-premier not long ago, they are prepared to rely on the state sector of the economy. It turns out that the problem lies in finding a team which would not only proclaim transformation, but also would implement it. Are there such people in Ukraine?

[Chernyak] I consider this to be a rhetorical question. Could it really be that a nation of 52 million cannot produce from its midst 20 ministers? In fact, in the USA, with its huge economy, there are only 13 ministers, and we will soon have that many vice-premiers.

The point is, that with us the nomenklatura approach to the selection of cadres dominates. As a rule, the same nomenklatura pack is being reshuffled. In fact, alongside the old nomenklatura a new one has developed, with to an extraordinary degree has adopted the habits and way of life of the old nomenklatura. Outside the boundaries of the nomenklatura approach remain many professionals, experts, and reformers who could take part in the business of state creation. In Ukraine there are many people who even in these extraordinarily serious circumstances have proved their ability to solve problems and work effectively. These are the very people who should be on the government team. The mission of the President and the prime minister lies in attracting these people.

Moreover, the importance of the government should not be exaggerated. The government should not direct the economy. Its task is to create favorable conditions for economic initiative. Throughout the world, it is not governments that are responsible for the production of goods, but businesspeople.

With respect to Simonenko's statement, it makes some sense. Right now, the private sector of our economy makes up 4 percent. Even if one figures that a program of privatization is implemented, then by the end of 1995 the state sector of the economy will make up no more than 54 percent. And so, the reform of state property by means of commercialization, corporatization, and creditization has decisive importance. To this, of course, the reform of the tax system must be added. As a rule, in a civilized market economy two levers exist for its regulation—taxation and credit.

And this should also be said: the low proportion of the private sector (much of which has been formed on the

basis of nomenklatura privatization) is explained by the fact that the parliament and the government have not created the necessary conditions for its development.

The dismissal of the government should not be taken so dramatically. In Italy this takes place every six months to a year. In fact, there is an Italian saying: if it rains, it is the government's fault. A system has to work. Of course, one must be constructed.

[Lukanov] But the importance of the government should also not be underestimated. Of course, the ideal variant is when the government gives people the chance to work, and regulates their business activity only by means of taxation and certain other measures. But our reality very closely resembles the one in which Germany found itself in 1945, after it had been conquered by the Soviet Union. If not for the government, which was headed not simply by solid professionals, but by scholarly economists, it is unknown whether Germany would have scrambled out of the crisis. The same was the case with Japan.

[Chernyak] I agree with you completely. That which I said before concerns a formed and more or less stable economy. For transitional periods, the government performs the role of builder of a new economic system. Today there exists a great need for builders and strategists. Under the conditions of a normal, formed economy the government can be made up of officials. Under the conditions of transition from an old to a new system, the government must resemble an ensemble, in which theoreticians, experts, pragmatic people, organizers, and executives must work together in defined proportions. Our Cabinet of Ministers is made up exclusively of officials, which for the current situation is unjustified. This would be normal for a normal situation.

You draw a very fair historical parallel with postwar Germany. In fact, at that time the German economy was in a worse situation than ours is now. But in fact there was Ludwig Ehrhard, a theoretician and as it turned out a capable organizer, there was a program for action, there was a team. We all know what Germany became. If Germany could do it, then why cannot Ukraine?

[Lukanov] The government was unable to propose a program to get our state out of crisis. But the opposition is criticized for this as well. How would you respond to this?

[Chernyak] I do not at all agree with the idea that the government did not propose anything. In the last two years, five programs were proposed. In fact, I am allergic to this word by now. It is clear that they were not masterpieces, but there was a lot that was fair and necessary in them. Two years ago a program for the transition of Ukraine to the market was accepted. If it had been carried out, we would now be living in a different Ukraine. In March of this year, the president's program was accepted, which the State Duma had prepared. Up to the present, nothing has been done for its realization. Everyone discusses with a serious expression

the government's "plan of action," as if it had any serious significance. In fact, there are some fair, necessary, and obligatory measures in this document (although I do not share the desire to transfer economic power to the ministries and departments), but will they be mutually agreeable?

As for the opposition, it has put forward alternative constructive proposals through this whole time. But unfortunately, they have not been accepted or have been mounted in the wrong context, so that they have not been able to work out right.

Not long ago, the Great Council of Rukh endorsed the concept of state creation and a program of action for its realization, and formed a commission to develop this document. As a political force, Rukh is obliged to propose its own program. We begin with the point that not simply a plan of action is needed, not simply a plan for a way out of the economic crisis, but a constructive, large scale, and far seeing program of state creation in Ukraine, which would include such aspects as political and geopolitical, state-legal, economic, social, and medical-ecological ones, and also the aspect of a system of security.

Ukrainian National Bank Head Hetman On Results of IMF Session in Washington

93UN0317A Kiev GOLOS UKRAINY in Russian
3 Nov 92 p 7

[Report on interview with V. Hetman, chairman of the board of the Ukrainian National Bank and Ukrainian manager in the World Bank of Reconstruction and Development, by unidentified reporter, under the "Economy" rubric; place and date not given: "The Fund Is Not as Black as It Is Painted"]

[Text] Finance ministers and central bank presidents of the member countries of the IMF gathered recently in Washington for their annual meeting. For the first time since it joined the IMF, Ukraine sent its representatives there. The delegation included V. Hetman, Ukrainian National Bank board chairman and the Ukrainian manager in the World Bank of Reconstruction and Development. Our correspondent asked him to tell us about the results of the IMF session.

[Correspondent] Vadim Petrovich, some of our readers might not have a complete knowledge of the work of the IMF. Please describe this organization in brief.

[Hetman] Two years from now, the Fund is going to celebrate its 50th anniversary. The Fund employs 1,600 highly qualified professionals. The capital of the Fund at present is \$120 billion. According to certain information, this figure will soon reach \$180 billion. The United States is the main IMF stockholder; it has a 19.62 percent share (for comparison: The other major shares are those of Germany and Japan—6.1 percent each). The "weight" of the vote depends on the size of the contribution into the organization budget. Previously, the IMF

was accused of conducting a policy that caused riots, starvation, and bloodshed, but now the rigid economic discipline suggested by the Fund is viewed by the entire world as miracle-working. The achievements of the Fund include the swift curtailment of Bolivian inflation, which ran at 50,000 percent a year; restoration of the economies in South Korea, Mexico, Argentina; etc.

Currently, the decisions of the IMF influence the lives of many people on our planet; over 170 countries have volunteered to be in its sphere of influence, and over 50 of those are implementing the Fund program. The IMF sometimes offers loans to countries whose requests for loans have been turned down by other creditors. But while the Fund offers loans, it never concedes its main demands—it always has a right to guarantee its capital investments by insisting on a strict economic policy.

[Correspondent] Certain politicians and some in the mass media object to taking any IMF loans; they think that the Fund wants to use its loan terms to bring Ukraine to its knees.

[Hetman] The members of our delegation have had many occasions to see that such speculations are totally groundless. We do feel a certain dependence on the IMF, of course. But, knowledgeable people believe that there are different kinds of dependence. Any government that does not observe the rules of economic cooperation accepted in the world community will become isolated, and, in the long run, it will find itself shoved to the outskirts of civilization. But it is a different story that the IMF officials set certain terms to us without being well enough aware of the concrete conditions of our life and of our economic situation; those need an individual approach much more than they do some general recipe. For this reason, we see our task in defending our point of view and in describing our capabilities. I can say quite responsibly: It has become clear in the course of the negotiations that there is no sign of any prejudice in the IMF's treatment of Ukraine. A very convincing proof of this is the gradual and constant progress of both sides toward the mutual agreement which was achieved after our negotiations at the IMF session.

[Correspondent] What has the Ukrainian delegation achieved in its work at the IMF session?

[Hetman] A proposal made by the Ukrainian National Bank was used in the preparation of documents. It says that the IMF needs to pay more attention to the establishment of a mutual settlement system (payments union) in the CIS states as well as of the stabilization fund for the ruble and for the currencies of other CIS states.

Another discussion concerned the following loans that will be given to Ukraine by the World Bank in the nearest future: A rehabilitation loan for financing imports of \$300 million's worth of most important goods (a detailed list of such goods is to be prepared and discussed with the World Bank mission); loans of some \$30 million to \$40 million directed for replacement of the equipment

and procedures in government offices (banking and administrative sectors, statistics, enterprise development, agriculture, privatization, etc.); financial subsidies (\$1 million) for the establishment of a task force of highly qualified professionals within the Ukrainian Cabinet of Ministers, which will coordinate its work with the IMF and the World Bank, as well as ensuring loans.

[Correspondent] What will be the terms of these loans?

[Hetman] The terms primarily concern the loan rehabilitation. The loan approval is linked to the development of programs for the stabilization and structural reconstruction of the Ukrainian economy, which programs should be approved by the IMF. This will allow us annually to receive loans in the amount of \$800 million from the World Bank. We informed the IMF and the World Bank managers that the basics of such programs were ready, and we invited some experts to participate in the final stage of this work together with the Ukrainian side.

[Correspondent] What other agreements and contracts were concluded?

[Hetman] We consider significant achievements of our visit to the United States to be the establishment of personal relations with the managers of the IMF and the World Bank, and with representatives of the leading financial and business circles, and also our provision of wide-ranging information on the Ukrainian position on some of the major issues. This undoubtedly will help to expedite Ukraine's entry into the international financial and banking systems, and to receive the necessary assistance in the conducting of our economic reforms and in the restructuring of our economy.

Among other events, we had meetings with the top administrators of finance ministries and central banks from the United States, Great Britain, Canada, the Netherlands, Poland, Israel, and Cyprus, and we also met the European Bank of Reconstruction and Development (EBRD) president. We discussed the main directions of the humanitarian aid that was promised to us by the United States (a detailed discussion will follow in the nearest future). We were happy to hear the EBRD information about the creation of a special risk fund, which will help to finance certain conversion projects in our military-industrial complex, which is extremely important for Ukraine. The IMF representatives familiarized themselves with the Ukrainian draft law on exchange control (it has been sent for consideration to the Ukrainian Supreme Soviet) and they promised to support the measures taken by the Ukrainian National Bank for bringing some order into the exchange control in our country. We signed the papers allowing us to open correspondent accounts in the Federal Reserve Bank (New York) and Riggs Bank (Washington). We reached an agreement with the National Bank of Poland on cooperation in various areas, etc.

[Correspondent] You have just returned from London, where you took part in a session of the EBRD board of directors. Tell us please what issues were discussed there.

[Hetman] Together with Ukrainian Minister of Finance G. Pyatachenko, I was invited to this session while still at the IMF meeting. They were going to discuss the EBRD strategy with respect to Ukraine there. At the session, we made a presentation on the status of the Ukrainian economy and, starting from the strategy designed in the EBRD, we outlined the directions of our cooperation with the bank. Among other things, we discussed the possibility of the bank's financing certain high-priority projects, related to such areas as conversion, agriculture, privatization, transportation and telecommunications, and the environment, and we spoke in detail about the implementation of some projects in practice. Very soon a group of EBRD experts will arrive in Kiev, and they will discuss with the corresponding organizations the construction design of a modern, ecologically clean complex for the incineration of garbage and other trash. So the plans for future cooperation give us confidence; there is a lot of work ahead of us.

Members, Powers of Monetary Reform Commission Determined

Members of Commission Listed

AU1911130692 Kiev HOLOS UKRAYINY in Ukrainian
13 Nov 92 p 8

[“Composition of the State Commission for the Implementation of Monetary Reform in Ukraine”]

[Text]

1. Kuchma L.D., Ukraine's prime minister—chairman of the commission;
2. Hetman V.P., chairman of the Board of Ukraine's National Bank—deputy chairman of the commission;
3. Pynzenyk V.M., Ukraine's vice prime minister and minister of the economy—deputy chairman of the commission;
4. Minin L.V., Ukraine's first deputy minister of the economy;
5. Pecherov A.V., chairman of Ukraine's Supreme Council Commission for Questions of Planning, Budget, Finances, and Prices (by agreement);
6. Pylypchuk V.M., chairman of Ukraine's Supreme Council Commission for Questions of Economic Reform and Management of the National Economy (by agreement);
7. Pyatachenko H.O., Ukraine's minister of finance;
8. Syvulskyy M.I., Ukraine's first deputy minister of finance;

9. Symonenko V.K., chairman of the Socioeconomic Council subordinated to Ukraine's president;

10. Sharov O.M., deputy chairman of the Board of Ukraine's National Bank.

M. Khomenko, secretary of Ukraine's Presidential Administration

President Gives Powers to Commission

AU1911130992 Kiev HOLOS UKRAYINY in Ukrainian
13 Nov 92 p 8

[“Ukrainian Presidential Directive. The Question of the State Commission for the Implementation of Monetary Reform in Ukraine” issued on 9 November]

[Text]

1. To authorize the State Commission for the Implementation of Monetary Reform in Ukraine to elaborate draft normative acts to promote the implementation of monetary reform, the coordination of the activity of central and local organs of state power, and control over the fulfillment of laws and decisions adopted by Ukraine's president and Ukraine's Cabinet of Ministers on the subject.

2. To determine that the decisions of the State Commission for the Implementation of Monetary Reform on questions that are within its jurisdiction are obligatory for the fulfillment by ministries, departments, and local state administrations.

[Signed] L. Kravchuk, Ukraine's president
9 November 1992

Dismantling of Kolkhoz System Viewed

93UN0264A Kiev NEZAVISIMOST in Russian
30 Oct 92 p 4

[Article by S. Kiselev, LITERATURNAYA GAZETA correspondent for Ukraine, special for NEZAVISIMOST: “No Fruit From a Stone, No Good From a Thief, No Benefit From a Kolkhoz”]

[Text] While we are intimidated by the “bony hand of hunger,” which any day now is capable of stifling the newly formed sovereign states, their governments and parliaments are more actively devising systems of privileges and incentives for kolkhozes and sovkhoses—if only they provide food. In this way they are like the armed missionary who was surprised by a man-eating tiger in the jungle: Instead of shooting the predator, he read Psalms to him.

Glory to you, today's advocates and defenders of the kolkhoz-sovkhoz system! Hosanna to you, organizers and inspirers of all of our troubles! I believe in you, and I do not doubt: Only with your help can that which you now defend so ardently be eradicated. For such is our psychology, which was developed in the decades of

Soviet power: If the "servants of the people" convince their "masters" of something (let us say, of the indisputable advantage of socialism over capitalism), then they only groan, knit their brows, and try to do everything the opposite.

Well, but if I am to stop being mischievous and talk seriously, then show me at least one chairman of a kolkhoz or a director of a sovkhoz who would say: Lads, enough, our farm should dissolve by itself, inasmuch as we are working in such a way that if we wanted to do damage intentionally, we would do less harm.

He will not say it, and you will not find one. For a majority of these people, the path to the chairman's or director's chair is their entire life. They achieved their hour of triumph. Some from among the trailer hands through the agricultural correspondence institute, and some from the secretaries of a rayon party committee as punishment. But the one and the other realize very well that there is no point in expecting a higher position under the present circumstances, and no one wants to lose authority, no matter how illusory it is.

However, this authority is not all that illusory. In Ukraine, about a half thousand persons work in even the most rundown kolkozoes. And to them, the chairman is their father: He himself decides whom to punish, and whom to pardon. He scribbles a declaration—and they will plow a kitchen garden with a tractor, they will order boards, and they will provide a vehicle in order to transport bricks from the plant. But if he does not like someone—that one will sit without building materials, without mixed fodder, and, in general, will think that is the end of him.

And, indeed, for authorities at all levels, the chairman is a person who is reliable and of proved worth. He is ours. On the evening before elections, he will assure the rayon and oblast leaders: Do not worry, he will say, my people will vote as is necessary. And they will vote; there have been, after all, cases during presidential elections when intimidated villagers left on the list of candidates the one that the threatening chairman of the kolkhoz or the threatening director of a sovkhoz ordered. The one was elected who will defend the kolkhoz-sovkhoz system at any cost and who will not let harm come to the chairmen. But at the same time, he will defend the whole agricultural superstructure above them, which to this day indicates what will be planted and what will be harvested—from the rayon to the republic level.

There is, it is true, one more type of chairman—these are the good and respectable landowners. A majority of them are sincerely concerned about their serfs, thinking that without them they would be lost like children in a dense forest: What they do not squander on drink and steal, they spend thoughtlessly.

It is one of these good landowners who is a longtime acquaintance of mine, the chairman of a rather wealthy kolkhoz in Lvov Oblast. He recently assured me:

"I do not need this authority for even a day—I have had it up to here. And, believe me, if we dissolve the kolkhoz and establish a cooperative or a farm association in its place, or we cut up the land into shares for the people, it will only be better for me. Consider, no responsibility, but in 15 years as chairman I have learned all of the ins and outs: How to get fertilizer, with whom to make arrangements for fuel, and whom to kow-tow to in order to get spare parts. But if I become a farmer, I will not fail. But the others?"

However, my chairman friend also had weightier arguments. A kolkhoz has 600 people, plus 25 who work in the office. If the land is divided, each one will get about five hectares. But at most 100 are capable of working it. What will the rest do with the land?

I heard similar arguments in Transcarpathia from one of the deputy representatives of the president. But also:

"Years and years will be needed for individual farmers to be able to achieve the level of production of the kolkozoes, no matter how ineffective the existing system in agriculture might be. Therefore, the farmers simply will be unable to feed the country at the present stage; moreover, they will leave it without the basic necessities. In the race for profits, they will refuse to cultivate labor-intensive crops like, for example, sugar beets, and they will apply themselves to that which requires less concern, but which brings in more money. For example, they will seed everything for flax."

Thoughts like this rather clearly reflect the position of the "leadership" with respect to the existence of the kolkhoz-sovkhoz system. And plus this: In the first place, the muzhik is lazy; second, during the more than 70 years of Soviet power he forgot how to work independently; and, third, he will not want to take land for private use: He will have his hands full with worries, there are no land banks where he would be able to get loans, but when they do appear, he will be afraid to borrow money, because he could go bankrupt. But in a kolkhoz, no matter how poorly you work, it will not let you die of hunger. Indeed, there is no need for a muzhik to bother when his personal plot is enough to feed himself, supply the children in the city with some food, and take some to the market. It is not worth breaking one's back when, in any case, you cannot buy anything for the home or for the field with the money you have earned: He does not need a VCR right away, he needs a computer even less, and a tractor or a combine costs so much that he cannot buy it.

But what does the "lower strata," that is, the people in the village, think about the agricultural future? There are no statistics and no sociological research. But, to put it simply, no one has seriously asked the peasants: Will you take the land? And, If you say you will, then what will you need?

The politicians and the parliamentarians speak decisively on behalf of those from whom they have become as distant in the perestroika and post-perestroika years

as Halley's Comet is from Earth. But those who cultivate the land are still keeping silent.

I will try "on their behalf" to summarize the endlessly long discussions with the "agricultural toilers" that I conducted in the spring and summer both in Western and Eastern Ukraine—at times in chairmen's offices with mineral water, and at times in village huts with a drink of moonshine.

Thus: As long as the kolkhoz-sovkhoz system exists as such, not one normal village muzhik will go into farming. City people, perhaps, will give in and take the risk. They, plagued with the apartment question and the urban mess, generally have nothing to lose: They can always return to their "Khrushchev prefabs," and the village in their imagination could become a Klondike.

They will take bull-calves for fattening, they will bring the families, and they will plow from dawn to dusk. But in about a year or so they will have become convinced from their own experience that there is no point in going from bad at home to worse somewhere else. They fully and profoundly comprehend, like the "free toiler of the soil" of the Gorbachev appeal, that they are not really farmers, but the same kind of serfs, just like those who were born and grew up in the village. And that the same chairman of the kolkhoz is the main law for them, and the Magdeburg law, and the Constitutional Court. But in addition to him there is the entire envious kolkhoz (it is lucky if one of the "well-wishers" does not set fire to your house")—from the chief specialists and bookkeepers to some eternally drunk Uncle Prokop: Will he turn on the water or not?

But the one who knows village life not just from movies, books, or newspapers will not go into farming, not on your life; he holds himself dearer than that. As they say here, "There are no idiots," we are living without farming, and we earn a living without it.

"What is to be done?" I asked the sacramentally intelligent question, and those whom I asked looked at me as if I were an idiot. But after the fifth glass of fine vodka, they answered with jovial malice: Send them back to their mother's you know what—then, perhaps something will get done. As the people were driven into the kolkhozes, while their last chicken was taken away, and that is the way it is necessary to drive them out today, after dividing everything up.

No, it is not true that the villagers have become inveterate drunkards and that they will not take land. They will take it, but give it to them! And they will begin to work on it, each doing the work of five men when it becomes their land for all time, in order to pass it on to their children, grandchildren, and great-grandchildren: Use the land and get rich. What hopes they nourished (just like us, "city folk," who now recall the village, while holding onto a loaf of bread in a store or a kilogram of meat at the market), when they were electing a president of Ukraine on 1 December of last year, that he would

disband the kolkhozes and sovkhozes and would emancipate the peasants. What bright and optimistic forecasts were being made by serious economists: If in the spring the peasants sow and plant on their own land, then already in autumn Ukraine will become such a rich country that the people will be able to eat all they want, and something will even remain for selling and for exchange.

It is a lie that the owners of land will not feed their own people. They will feed them, and how? They will not rush to plant flax instead of wheat or potatoes, inasmuch as the market will regulate everything itself and will indicate what is profitable for the peasant and what is unprofitable. They will not sell dairy cattle for a song, because they will try to save their herd. And the land of those who do not know how or who cannot work the land they have (old men and widows) will not become overgrown with tall weeds, because they can lease their land at a profit.

It is also a lie that there is no mechanism for the free transfer of kolkhoz-sovkhoz land and everything on this land that is "collective" to personal peasant use: From the useless "homes of the machine operator," as the "Red corners" in field camps began to be called 10 years ago, and the dairy herds themselves, to the monstrous, senseless, gigantic Don combines that were used on village farms one month out of the year.

This mechanism, as many peasants believe, is as easy as can be: Divide everything up among the people—right down to the last screw in the warehouse. Whether for workers, whether for members of a family—this is for the law to decide that does not exist yet. And the mechanism for sharing, so that everything would be relatively fair (although, as is known, there cannot be complete fairness in privatization) should be worked out by parliament.

Then it will turn out that the even the absurd Don, whose owners will be perhaps 20 or 30 people, will work not one month a year, but three or four. And it will harvest not 300 hectares, but several times more—its owners will be able either to rent the machine or themselves to do the harvesting of other people's fields. But then, if after the administrative-command dispersal of the kolkhozes "from above" and the division of all available property in them, there are "agricultural laborers" who, combining their land shares, will want to unite not in associations, not in cooperatives, and not in farms or firms, but again in kolkhozes, as in the years of the notorious collectivization, bringing all of the property together there (but this time absolutely voluntarily) that was just distributed to them, then this, as the saying goes, is their personal business. The main thing is that the state not treat them more indulgently than all of the other agrarians, so that it would create normal working conditions for all the peasants and be concerned with benefits and loans. And then there is the hope that in a very short time, as is believed by some well-known economists and unknown peasants, the state will be repaid a hundredfold.

So this is approximately how the muzhiks are thinking today after a glass of moonshine and some onion and fatback. Everything is going smoothly for them—at least let them into parliament tomorrow to adopt new laws. And although everything is not that simple and easy as it sometimes seems to them, they are unquestionably right about two things. First, this will all have to be started sometime, and the sooner the better, or everything will finally fall apart in the village. And, second, do not expect fruit from a stone, good from a thief, and benefit from a kolkhoz.

Crimea Privatizes CIS Health Resorts

93UN0264B Moscow IZVESTIYA in Russian 7 Nov 92
p 2

[Article by Tatyana Khudyakova, IZVESTIYA correspondent: "Health Resort Redistribution; Supreme Soviet of Crimea Decided To Nationalize CIS Sanitariums"]

[Text] The present warm autumn season in Crimea is clouded by truly dramatic events. The Supreme Soviet, which is apparently guided by the best of intentions, published a decree "On Separating the State Property of Sanitarium-Health Resort Establishments Located on the Territory of the Crimea." According to this decision, an overwhelming majority of the sanitariums was transferred to the jurisdiction of Crimea. A part remained all-state (Ukrainian) property, and only a very small portion went into communal property.

It is not difficult to guess what a shock this decision was to the healthy managers of sanitariums who live in Russia, Belarus, Uzbekistan, etc. Although Ukraine from time to time demonstrates its rather original vision of political and economic relations with the states of the Commonwealth, its laws, nonetheless, respect somebody else's property.

This is indicated by a whole number of juridical acts both of Ukraine and of Crimea that are aimed at strengthening economic relations with neighboring states. And, first and foremost, the Ukrainian law on property, which welcomes the presence of property owners "from abroad" and the creation of joint enterprises and joint-stock companies.

Respect for foreign property is a natural method of economic existence and a stable source of prosperity. It would be possible once again to appeal to world experience in this respect, but it is also worthwhile to turn to the history of the southern coast of Crimea, which has existed for a long time as a strictly health resort spot.

All of the sanitariums that have been developed and that are being developed literally to this day were built by different departments with their own resources. But the economic relations that ruled in the epoch of the development of socialism evolved in a way that really did not give the Crimea that much.

The departments, taking over substantial territories, set up their properties without troubling themselves about the development of a social infrastructure. Each new sanitarium was like a thorn in the side for the municipal authorities. There was not enough water and electric power, and the water purification facilities threatened to "burst" because of overloading and to pollute the sea for many years.

A little more, and an ecological catastrophe threatened Crimea. And then, about five years ago, the idea emerged to give Crimea the status of an all-Union sanitarium, so that all of the proprietors would to an equal degree be responsible for the development of this unique corner of the country.

The draft law disappeared without a trace together with the USSR, but the problems remained. How are they to be resolved under the new circumstances? Only with a Bolshevik impulse, expropriation in a new way?

"There is a very civilized method of resolving these questions—taxes," says Gennadiy Taranyuk, chief of the department of health resorts of the Council of Ministers of Crimea. "And the proposal of the Council of Ministers was based exactly on this. By a decree of the government, the sanitariums of the former CPSU and those that were left without owners after the elimination of the Union departments were transferred to the ownership of Crimea. All of the rest were supposed to reregister and pay taxes into the budget."

The Supreme Soviet rejected this proposal, deciding to make all Crimeans "happy" immediately, and it made them the owners of property worth billions. But did the deputies who voted for such a decision consider all of the consequences of such a step? It seems that they were guided by emotions, but not by strict economic calculations.

It is not for nothing that popular wisdom says, "When the landowners fight, the serfs shiver and shake." As soon as you go down from the "heights" of Simferopol to the neighboring Alushta health resort, the situation takes on an absolutely different character.

"The sanitariums are the main source of replenishment for the budget. And, first and foremost, the payment for land," says Boris Kalyadin, chairman of the city soviet. "In addition, their owners—departments and enterprises from Russia and other republics—built them on their own resources, and they maintain not only the sanitariums, rest homes, and communications that they own. They also built and maintain dwellings for personnel (residents of our city), kindergartens, and boiler houses. Who will maintain all of this? The city has no money—we already took credit of 70 million for health services and education.

The managers of sanitariums that are supposed to be transferred to Crimean ownership are in a state of near panic.

"The Neva pension is being built on the resources of shareholders—Russian power engineers," says Valeriy Gayevoy, the director. "We still have to acquire about a billion in capital investments. All of the building materials are delivered from Russia. We are 'clear' with respect to the local budget—we paid all taxes that were due. Moreover, in accordance with Ukrainian laws on property and entrepreneurship, we established a joint enterprise on the basis of the pension, and we registered it. After which....we were deprived."

The student camp Politekhnik, which has existed for 35 years, ended up in the same situation. It was built, in the words of director Nikolay Brodskiy, by the hands of the students of the Lvov Polytechnical Institute. Now it has been transferred to republican ownership, and no one knows what will happen further, and it is very possible that it will be sold at an auction.

Just the uncertainty would frighten people—what will it be like with a new proprietor? But, after all, there is the sad experience of life under the wing of Crimea's property fund. Two sanitariums, Severnaya Dvina and Skazka, changed owners a year ago, not by their own choice, and they became "local." And what? There is no money to complete construction, or building materials either, and the sanitariums are standing idle because there is no one to find vacationers. They tried independently to conclude contracts, but enterprises want to have a place of rest for about 10 years. But the property fund limits the term to three years. And everything is breaking down, having failed to get off the ground. Moreover, if an uncompleted project is determined to be long-term construction, it will be sold at auction.

And this is only part of the sanitariums that have tasted all of the delights of the new life. What will happen when all of the gigantic property "falls" to the Crimea.

The economic consequences can be very disruptive. It is for this reason that the Council of Ministers of Crimea officially declared: "We deem the adoption of the decision on the nationalization of sanitarium-health resort establishments of other states of the CIS to be....hasty and insufficiently reasoned. The Crimea felt the negative consequences of this immediately."

Ukraine Coal Production Statistics, First Half, 1992

934A0251A Kiev UGOL UKRAINY in Russian No 9, Sep 92 pp 58-62

[Text] In spite of their difficult working conditions and the deterioration of material and technical supplies, miners in Ukraine mined a total of 69.63 million tonnes of coal in the first half of the year (70.01 million in the first half of 1991). The yield of coking coal was 29.04 million tonnes, or a million tonnes more than during the same period in 1991 (see Table 1). Several associations (Donetskugol, Krasnoarmeyskugol, Selidovugol, Dobropolyeugol, Shakhterskugol, Pervomayskugol, Pavlogradugol, and Ukrzapadugol) had a higher yield than in the first half of 1991. In addition, they made better use of production capacities for coal mining. The level of capacity use was 80.9 percent in mines in Donetsk Oblast, for example, 79 percent in Luganskoye Oblast, 86.5 percent in Pavlogradugol, 92.5 percent in Ukrzapadugol, 66 percent in Aleksandriyugol, and 80.3 percent in Ukraine as a whole (76.6 percent in the first half of 1991).

Table 1

Production associations	Total coal yield		Yield of coking coal	
	Thousands of tonnes	% of first half of 1991	Thousands of tonnes	% of first half of 1991
Donetsk Oblast	34,486.5	102.6	20,246.1	105.5
Donetskugol	7,716.4	107.4	5,785.0	106.0
Makeyevugol	4,276.2	96.1	4,142.4	96.7
Krasnoarmeyskugol	4,250.0	133.7	4,154.7	139.4
Selidovugol	2,316.4	110.9	—	—
Dobropolyeugol	2,802.1	104.2	2,419.5	114.0
Artemugol	2,207.3	87.0	2,044.2	87.8
Dzerzhinskugol	1,144.8	89.5	1,144.8	89.5
Ordzhonikidzeugol	1,570.8	82.2	555.5	79.0
Shakhterskugol	2,438.9	109.6	—	—
Oktyabrugol	1,635.4	99.0	—	—
"Komsomolets Donbassa" Mine	848.1	69.0	—	—
Torezantratsit	3,280.1	94.9	—	—
Luganskoye Oblast	22,136.7	94.3	4,878.4	97.5
Luganskugol	3,580.8	90.0	181.1	97.7
Stakhanovugol	2,277.7	85.8	1,000.7	82.0

Table 1 (Continued)

Production associations	Total coal yield		Yield of coking coal	
	Thousands of tonnes	% of first half of 1991	Thousands of tonnes	% of first half of 1991
Pervomayskugol	1,361.3	123.0	478.6	137.0
Lisichanskugol	1,141.4	79.0	—	—
Krasnodonugol	3,270.6	99.2	3,223.0	99.2
Donbassantratsit	2,662.1	94.5	—	—
Antratsit	1,509.5	87.0	—	—
Rovenkiantratsit	3,253.8	96.8	—	—
Sverdlovantratsit	3,076.5	100.0	—	—
Pavlogradugol	5,859.4	108.9	1,920.8	95.2
Ukrzapadugol	4,512.3	123.8	658.3	53.5
Aleksandriyugol	2,635.0	67.5	—	—
Ukraine—total	69,629.9	99.5	29,041.4	100.4

The yield of coking coal declined in some associations, however, because the productive seams with the most valuable types of coal had been depleted. Less coal of these types was extracted from mines in Tsentralnyy Rayon in the Donbass and in the Stakhanovugol, Ukrzapadugol, and other associations.

The ash content of mined coal was 28.9 percent in Donetsk Oblast, with a norm of 29.1 percent, and 30 percent in Luganskoye Oblast, with a norm of 30.1 percent. The figure for Ukraine as a whole was 30.4 percent, with a norm of 30.7 percent—i.e., the actual figure was 0.3 percent below the norm.

Table 2

Production associations	All development workings				Stripping and preparatory			
	Projected figure, km	Actual figure, km	% of projection	% of first half of 1991	Projected figure, km	Actual figure, km	% of projection	% of first half of 1991
Donetsk Oblast	491.8	510.4	103.8	96.5	383.1	382.7	99.9	99.4
Donetskugol	92.5	90.3	97.6	103.2	79.1	78.1	98.7	106.3
Makeyevugol	65.2	66.9	102.6	91.9	52.2	54.4	104.2	99.3
Krasnoarmey-skugol	32.6	34.0	104.3	133.3	30.9	32.6	105.5	139.9
Selidovugol	30.7	29.3	95.4	107.7	26.6	24.2	91.0	101.3
Dobropolyeugol	42.1	41.8	99.3	87.4	31.1	30.2	97.1	89.1
Artemugol	54.2	56.5	104.2	91.4	39.5	40.4	102.3	93.5
Dzerzhinskugol	31.3	34.6	110.5	90.8	19.5	19.8	101.5	86.1
Ordzhonikidzeugol	41.7	44.9	107.7	91.1	29.8	28.3	95.0	90.1
Shakhterskugol	30.3	33.1	109.2	96.8	21.1	21.6	102.4	100.4
Oktyabrugol	21.9	22.7	103.7	95.0	16.9	17.0	100.6	103.0
"Komsomolets Donbassa" Mine	8.7	8.4	96.6	100.0	7.1	6.7	94.4	103.1
Torezantratsit	40.7	48.0	117.9	93.2	29.3	29.4	100.3	90.5
Luganskoye Oblast	309.6	313.0	101.1	96.3	237.0	227.5	95.8	95.9
Stakhanovugol	54.8	59.6	108.8	93.6	40.8	40.5	99.3	92.0
Luganskugol	47.9	50.0	104.4	89.4	37.4	37.4	100.0	86.6
Pervomayskugol	25.9	26.2	101.2	124.2	22.4	20.2	90.2	129.5
Lisichanskugol	18.6	15.6	83.9	82.5	17.2	13.7	79.7	78.3

Table 2 (Continued)

	All development workings				Stripping and preparatory			
Krasnodonugol	38.2	37.5	98.2	89.7	31.0	29.2	94.2	94.5
Donbassantratsit	34.3	32.8	95.6	94.5	21.5	21.7	100.9	101.9
Antratsit	17.4	17.6	101.1	111.4	14.2	13.7	96.5	107.0
Rovenkiantratsit	33.7	35.7	105.9	98.3	22.2	22.4	100.9	97.4
Sverdlovantratsit	38.8	38.1	98.2	109.5	30.3	28.7	94.7	104.8
Pavlogradugol	71.4	61.5	86.1	97.3	67.1	57.3	85.1	113.3
Ukrzapadugol	45.2	43.0	95.1	119.8	41.1	38.4	93.4	114.6
Aleksandriyugol	7.1	5.2	73.2	57.1	6.6	4.7	71.2	57.3
Ukraine—total	925.1	933.1	113.1	96.9	734.9	710.5	96.7	98.3

The ash content of shipped coal in the industry was 18.8 percent, with a norm of 19.1 percent. Residual supplies of coal on 1 July 1992 were equivalent to 5,411,100 tonnes, including 4,919,500 tonnes in spoilbanks. Residual coking coal amounted to 903,000 tonnes, including 693,000 tonnes in spoilbanks. The majority of

associations completed development working assignments, as illustrated by the data in Table 2. The volume of basic advance operations, however, including stripping and preparatory work, was not completed in the industry as a whole.

Table 3

Production associations	Average number of stopes	Average length of stope line, km	Average monthly advance rate, meters	Average daily stope load, tonnes
Donetsk Oblast	751.9	114.89	26.5	250
Donetskugol	152.4	27.75	24.3	281
Makeyevugol	102.2	17.39	21.7	222
Krasnoarmeyskugol	27.2	5.52	49.8	835
Selidovugol	25.4	4.37	47.6	497
Dobropolyeugol	23.7	4.36	57.0	667
Artemugol	116.8	12.21	21.7	104
Dzerzhinskugol	57.7	6.49	19.8	108
Ordzhonikidzeugol	93.3	10.07	19.7	90
Shakhterskugol	39.8	7.76	27.8	337
Oktyabrugol	33.8	5.87	23.1	259
"Komsomolets Donbassa" Mine	11.0	2.41	30.6	429
Torezantratsit	68.6	10.68	23.4	260
Luganskoye Oblast	381.9	65.58	27.1	319
Luganskugol	54.5	9.49	33.8	357
Stakhanovugol	84.3	13.66	17.5	151
Pervomayskugol	32.0	6.02	19.6	245
Lisichanskugol	16.6	2.69	29.9	367
Krasnodonugol	42.7	6.78	33.5	414
Donbassantratsit	57.1	9.65	21.9	255
Antratsit	24.9	4.40	22.2	326
Rovenkiantratsit	38.1	7.15	34.7	462
Sverdlovantratsit	31.7	5.75	41.2	551

Table 3 (Continued)

Production associations	Average number of stopes	Average length of stope line, km	Average monthly advance rate, meters	Average daily stope load, tonnes
Pavlogradugol	54.9	9.01	60.3	599
Ukrzapadugol	64.5	10.07	36.0	429
Aleksandriyugol	11.2	9.60	24.9	389
Ukraine—total	1,264.4	200.5	28.7	295

During the period in question (June 1991-June 1992) the average number of stoping operations decreased by 90.7, the average length of the stope line decreased to 200 kilometers, but efficiency was enhanced, the stoping advance rate increased, and the stope load increased. It was equivalent to 295 tonnes a day as compared to 277 tonnes in the first half of 1991, which was partly due to

the increase from 430 to 454 tonnes on completely mechanized stopes (see tables 3 and 4). The proportional number of these rose from 70.4 to 73.5 percent. The volume of coal mining with mechanized complexes, however, was equivalent to only 97.7 percent of the assigned figure and amounted to 46.92 million tonnes.

Table 4

Production associations	Mechanized stope coal yield, thousands of tonnes	% of projection	Level of mechanization, %	Average daily mechanized stope load, tonnes
Donetsk Oblast	22,208	101.7	68.5	420
Donetskugol	5,075	109.1	68.8	457
Makeyevugol	2,537	97.8	63.5	359
Krasnoarmeyskugol	3,914	104.2	100.0	835
Selidovugol	1,592	91.5	75.1	531
Dobropolyeugol	2,346	104.6	88.9	713
Artemugol	789	98.5	38.1	126
Dzerzhinskugol	118	87.4	11.1	116
Ordzhonikidzeugol	356	73.4	24.5	109
Shakhterskugol	1,478	118.8	63.3	524
Oktyabrugol	899	100.9	58.0	417
"Komsomolets Donbassa" Mine	821	87.2	100.0	429
Torezantratsit	2,282	97.1	73.8	362
Luganskoye Oblast	14,570	96.2	70.1	455
Luganskugol	2,655	109.7	60.4	490
Stakhanovugol	485	74.8	23.0	243
Pervomayskugol	554	86.3	42.9	414
Lisichanskugol	989	88.9	93.4	430
Krasnodonugol	2,600	97.7	86.0	585
Donbassantratsit	1,745	92.8	69.4	305
Antratsit	876	83.1	63.4	454
Rovenkiantratsit	2,433	106.0	77.0	493
Sverdlovantratsit	2,835	95.4	100.0	551
Pavlogradugol	5,572	97.2	98.2	631
Ukrzapadugol	3,975	92.1	91.5	493
Aleksandriyugol	585	58.9	100.0	389
Ukraine—total	46,910	97.7	73.5	454

The level of mechanization is still low in tunnelling. Blasthole drilling is used to work seams in the majority of mines. Less than a third of all of the development workings requiring the removal of rock is done by cutter-loaders. Wherever conditions are favorable for the use of sinking and tunnelling equipment, however, such

as the Krasnoarmeyskugol, Dobropolyeugol, Pavlogradugol, Ukrzapidugol and Aleksandriyugol associations and the "Komsomolets Donbassa" Mine (an autonomous administrative entity), the volume of mechanized operations has risen to 50-90 percent, as illustrated in Table 5.

Table 5

Production associations	Combine-aided development workings, km	% of total length requiring loading
Donetsk Oblast	134.8	30.5
Donetskugol	34.5	18.9
Makeyevugol	18.7	29.8
Krasnoarmeyskugol	25.7	79.9
Selidovugol	13.6	41.9
Dobropolyeugol	25.3	78.4
Artemugol	—	—
Dzerzhinskugol	—	—
Ordzhonikidzeugol	—	—
Shakhterskugol	7.1	22.1
Oktyabrugol	5.2	23.1
"Komsomolets Donbassa" Mine	3.2	47.2
Torezantratsit	1.3	3.2
Luganskoye Oblast	29.2	10.8
Luganskugol	9.9	21.2
Stakhanovugol	1.8	3.6
Pervomavskugol	1.5	6.5
Lisichanskugol	4.7	30.8
Krasnodonugol	10.0	31.0
Donbassantratsit	1.3	5.1
Antratsit	—	—
Rovenkiantratsit	—	—
Sverdlovantratsit	0.1	0.2
Pavlogradugol	56.7	95.6
Ukrzapidugol	28.5	68.7
Aleksandriyugol	3.2	62.9
Ukraine—total	254.3	30.2

The stabilization of coal mining levels has had a positive effect on the work of coal concentration plants. During the first half of 1992, Ukrainian concentration plants processed 55.2 million tonnes of raw coal and produced 33.2 million tonnes of concentrate, including 14.06

million tonnes for coking (Table 6). The yield of top- and medium-grade coal was 8.05 million tonnes, including 5.27 million tonnes of anthracite. The yield of coal briquettes was 1.08 million tonnes, which was far below the 1991 figure.

Table 6

Indicators	Projected concentration, thousands of tonnes	Actual figure, thousands of tonnes	% of projection	% of first half of 1991
Run-of-mine coal processed at concentration plants	51,789.1	55,198.9	106.6	95.9
For coking	21,622.0	23,109.7	106.9	100.0
Yield of concentrate	30,659.5	33,204.4	108.3	93.9

Table 6 (Continued)

Indicators	Projected concentration, thousands of tonnes	Actual figure, thousands of tonnes	% of projection	% of first half of 1991
For coking	12,786.5	14,062.1	110.0	97.8
Yield of top and medium grades	7,299.5	8,046.4	110.3	94.9
Anthracite	4,688.5	5,272.2	112.4	88.1
Yield of coal briquettes	1,480.5	1,080.4	73.0	66.1

The industry has been working without state subsidies since January 1992, but it has been granted several privileges by the Ukrainian Government. The commercial product in the first half of the year amounted to 1.1 billion rubles in wholesale prices, which was higher than the projected figure. The sales volume was equivalent to 180.9 billion rubles in wholesale prices. The shortfall in contracted products (and works or services) was equivalent to 2.56 billion rubles for all of Ukraine.

The output of consumer goods was equivalent to 264.2 million rubles, and the amount delivered to consumers was equivalent to 235 million.

The number of registered workers in the coal industry in the first half of the year was 869,600, including 744,700 production personnel (618,000 in coal mining, 24,500 in concentration plants, 76,600 in the machine-building

complex, 6,600 in construction materials production and 20,900 others). The average number of registered stope miners was 99,600, and the number of tunnellers was 59,700.

The higher wages of workers in the coal industry and the higher prices of materials, equipment, electricity, and other resources increased coal production costs considerably in comparison to the indicator for the first half of 1991. In January-May 1992 the average cost of producing a tonne of coal in the industry was 999.06 rubles (1,155.38 rubles in Donetsk Oblast and 939.44 rubles in Luganskoye Oblast).

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BELARUS

Adamovich Views Political Scene

93UN0330A Minsk NARODNAYA HAZETA
in *Belarusian* 7 Nov 92 p 2

[Interview with Ales Adamovich by Syarhey Plytkevich in Kuropaty: date not given: "I Hoped That Belarus Would Set an Example to Other Republics, But..."]

[Text] Ales Adamovich, like hundreds of other Belarusians, came home for Forefathers Eve to pay respect to his forebears. We chanced to meet in Kuropaty. Aware of the respect our readers have for his opinions, I asked him several questions....

[Plytkevich] Alyaksandr Mikhaylavich, you have been living in Moscow but you are well aware of what is going on at home. How do you assess Belarus's situation since the Parliament rejected the referendum?

[Adamovich] I can't help seeing events in Belarus in the context of what is going on in neighboring states. Of course it would be very good if Belarus were to set an example, so that these, let me say, outmoded pro-communist parliaments which are stifling democracy in both Russia and Ukraine, would themselves do the right thing. That's what I was hoping for, and even in Moscow I was saying that the Belarusians would show the way. But the miracle never happened, because the Belarusian partocracy is exactly the same as in Moscow and Ukraine. So what happened was only to be expected: they did not sign their own death sentence and never will. Because might makes right. In August of last year, during the panic, they didn't back down, and now they think that their day has come again, they're acting arrogant and shameless the way they did for 70 years.

[Plytkevich] It's no secret that our citizens have become much less politically active lately. Because many people think that even if the Parliament did decide on the referendum, the Belarusian People's Front would be defeated.

[Adamovich] I have heard things like that even from some People's Front activists, and I have to say that it might in fact happen, but that's a different matter. The point is that the principle itself has been violated, that the Parliament was simply afraid. But a possible defeat, I think, would enable the People's Front to adjust its policies somewhat, its activities, and help it understand the need to find forms of action more acceptable to the people. But all this is in the realm of conjecture.

[Plytkevich] In Lithuania, Belarus's neighbor, Brazauskas's party won the elections. What do you think about it? Do you agree with those who say the communists might return to power by democratic means?

[Adamovich] Wishful thinking, as the saying goes. Communists in the neighboring republics are starting to say "Our guys won in Lithuania, and we'll do the same." But

no sir! I think it was quite different forces that won in Lithuania, say, the social democrats, who are more attentive to nationality questions. So Lithuania's neighbors shouldn't rejoice too much. Unless they become social democrats, they are least likely to win.

[Plytkevich] Alyaksandr Mikhaylavich, our readers are worried about the events now taking place in Moscow. What do you say?

[Adamovich] It is true the situation in Moscow is very worrisome. What's most disturbing is the constant danger to Belarus. Because if the fascists win in Moscow—and the National Salvation Front, as it calls itself, is a purely fascist movement—it will pose, in particular, the threat of an atomic confrontation with the whole world, and, of course, there's no way the neighboring states can stand idly by. Hence, Belarus must see to it that fascism does not win in Moscow.

[Plytkevich] But some say that even Yeltsin might take the path of dictatorship.

[Adamovich] You know, economist Vasil Syalyunin said, and I think quite rightly, that we intellectuals are too fastidious. We want democracy to win but we want it to be simon-pure, oh-so-soft and gentle as a woman. So we want Yeltsin to win but we want him to be a nice guy.

But he can't be a nice guy with that gang! When it comes down to it he'll have to take harsh and resolute measures. And if we fastidious intellectuals start grouching, Oo-oo-oo, he's a dictator, he's a dictator, what we'll get is a Zyuhaw, a Prakhaw, a Makashaw, and the like. And then we'll really have pure dictatorship.

I believe Yeltsin does not pose a threat of dictatorship to Russia. I think, in fact, that he has been too slow to show that democracy means legality. He is still too slow: either his attempt to impose order will fail, or he will have to take harsh action. But it won't be because he's a dictator that he will have to do that.

[Plytkevich] Alyaksandr Mikhaylavich, let's go back to the subject of the Motherland. What kind of future do you see for it?

[Adamovich] I can only say what I hope to see. First, I hope it will not be like its close and distant neighbors, which, pardon the expression, have decayed from within. Recently I read in LiMe an article by a well known writer on current affairs, who said that everyone in Belarus should be equal, but the Belarusians should be more equal than others. God forbid Belarus should take that path! Things will not be well for Belarusians if things are bad for the rest. If Belarusians want to have it good, they must show the same wise Belarusian respect and good will toward all inhabitants of the republic. Only then will things go well for them.

What I would like, then, is for Belarus to set an example in this as well.

MOLDOVA

Finance Minister Views Economic Issues

93UN0336A Moscow NEZAVISIMAYA GAZETA
in Russian 13 Nov 92 p 4

[Article by N. Prikhodko: "The Russian Ruble is Still More Reliable Than the Moldovan Lei. Minister of Finance of Moldova Klavdiya Melnik on the National Currency and Much Else"]

[Text] CIS. On The Extremal Budget

It was specifically in this way that Sergey Chertan, minister of economy of Moldova, referred to it, recognizing the huge deficit of the republic budget amounting to 5.9 billion rubles with a revenue of 17 billion. That was in the second six months. At the end of the year consequences of the armed conflict in the Dniester region and a drought, unprecedented in its severity, will bring the deficit up to 15 billion. It will be impossible to balance the budget at the expense of domestic reserves and external credit. Just as the other ruble zone countries Moldova will be unable to avoid emission of credit by the National Bank in order to cover the deficit.

Production level has now declined catastrophically, amounting to only 60 percent of that in 1989, before the crisis, which does not make it possible to stop the process of self-destruction of the economy, whose main expenditures are on social needs, benefits, and entitlements. At the same time it is impossible to cut back the expenditures which bind the reformers, all the more so under conditions involving a decrease in the purchasing power of the population whose real income has already decreased by one half.

On The Idealism of Predecessors

Back in 1990 Russian, Ukraine, and Belarus started raising the income of its population resulting in a practical increase in wages. While in Moldova, they restricted its growth waiting for a hypothetical agreement on the creation of the Banking Union and regulation within the ruble zone. The former government was hoping in this manner to achieve stabilization, while stopping the fall of the ruble. Even though it was ridiculous to count on success, having only one percent of the total ruble supply. Through coordinated efforts with the main participants of monetary circulation, naturally, it would have been possible to alter the course of events. But since that did not take place, then, regardless of whether the emission policy of the partners was appreciated or not, but specifically because of individual dependence on it, the government was compelled to react in a synchronized manner, amortizing the ruble being devalued on its territory. No measures were taken, however, to protect the income of the population and support its own enterprises.

On Russia and Romania

The advent of chaos also produced a reluctance among the higher authorities of the Central Russian Bank to hasten with the creation of the Banking Union in order to manage the ruble avalanche. That was also prompted by the unpredictable unilateral changes in the Russian forms of settling accounts. Its rejection of the generally accepted check and telegraphic form of settling accounts led to an artificial slowing down of the fund turnover rate. There was also little consolation in the results of cooperation in the area of export and import with Romania with which Moldova has a negative balance. Thus, according to statistical report data this year, Moldova supplied nine million dollars more in goods than it received in barter transactions. In January, on the basis of a mutual trade and economic agreement the sides have to settle accounts with each other in convertible currency. Moldova, by the way, will organize their reimbursement with goods of the autumn-winter assortment. Especially since Romania will hardly be able to pay the required amount painlessly. Part of its foreign currency reserve has already been spent on maintaining the lei exchange rate which apparently will not halt its fall in the immediate future due to a continued decrease in production and the impending hyperinflationary spiral. Alas, the lack of balance in mutual relations with Romania and the disruption of former ties with Russia, two countries toward which Moldova has been traditionally oriented, certainly does not augur well for its prosperity.

On The Moldovan Lei

Until the government is able to control its financial and banking system in the republic as a whole (it is necessary to recognize that the left bank is not under control) it does not have the right to introduce a new currency. Since otherwise it will automatically lose the part of territory it does not control even without any additional political steps. Socioeconomic stabilization is likewise needed inasmuch as it is absolutely senseless to introduce new currency in the midst of today's disintegration and arbitrary rule without ensurance of certain additional technical conditions needed for its existence (customs offices, borders, and the rest). Today Moldova is not prepared either for the introduction of a national currency nor for its management. It can be forced to disregard this only by extraordinary circumstances conditioned, let us say, by unfriendly steps by the Commonwealth countries or by a sudden jump in hyperinflation which would preclude the possibility of manipulating the ruble. The rest of the CIS countries, in introducing their own currency, were probably merely paying lip service to populism.

On Populism

That is a natural disease occurring with the establishment of a young state, the mass scale education of parties, and the advance of new leaders. At the same time the aspiration of hotheaded and inexperienced

latter, as a rule, do not mesh with economic realities. Which is sad, of course, but not too much so since the fulfillment of their promises is simply impossible. Theoretically any attempts to exceed political mandates must be interdicted by the minister of finance, who usually belongs to the opposition to the government, which, on the whole, is more subject to populism. At the current critical moment, however, it appears that even the politicians are beginning to identify their needs with the demands of the economy. Therefore the program worked out by the new government team has a chance of being fulfilled.

On The Program

It deals with several variants in which the economic situation might develop in the republic in the next several years. In the opinion of specialists it will be easier for Moldova to solve the crisis since the agricultural complex, which is basic for it, is sufficiently well developed and is retaining its viability. While measures already undertaken by the government aimed at elimination of the payments crisis (mutual accounting for indexing and repayment of indebtedness among the republics in the ruble zone) allow a breather for industrial enterprises as well as the start of restoration of economic ties. Not only Moldova is interested in mutually advantageous cooperation with partners in such an integrated national economic complex of the former USSR. Its interests involve further ties with Romania, with states of the Black Sea Basin, and, naturally, with the developed countries. Realization of theoretical substantiations is reinforced by the outlined measures that are already being partially introduced by the government through measures for a more flexible regulation of revenues, liberalization of prices, and introduction of a progressive tax system. As a result by the middle of next year it is possible to anticipate a slowing in the rate of decline and the first signs of stabilization. Of course, if everything proceeds normally.

On The Futility of Efforts

Everything, however, can go to rack and ruin. If, let us say, the discussion of planned economic questions as well as of the political problems connected with them is disrupted at the ongoing session of the Parliament of Moldova, the legislators, for example, will again find themselves incapable of ensuring political regulation of the prolonged Dniester region conflict. We did not devote a lot of time to a discussion of this. After all, the session is not over yet.

Economists Discuss Agrarian Sector Privatization Problems

934A0279A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 17 Oct 92 p 3

[Article by A. Leshku and I. Moroz, candidates of economic sciences, Scientific Research Institute of Economics: "On the Problem of Privatization of Agrarian Sector"]

[Text] A strategy of replacing the forms of relations that have developed with new ones has always constituted the basis of all reforms. Today we are doing the following: establishing a system of farmers-entrepreneurs on the land with the right to voluntarily select the form of management.

The initial stage of the agrarian reform has already been completed and the goals, principles, and mechanism for conducting the work were determined, necessary laws have been created, and privatization deadlines were set. In such a situation one cannot help but recall the saying "Measure seven times before cutting once." Economic processes, like river beds of great rivers cannot be altered for ideological reasons. But one way or another we will now have to be guided by the already adopted legislation and norms.

If we want to attain realistic and stable results, however, it is necessary to draw some conclusions from scientifically substantiated summarizations tested through long-term experience which has already led to an improvement in the real living standard. For example, what type of land is most effective for farming—privately owned or leased land?

The answer appears to be clear: privately owned land. Still... In the U.S.A., for instance, farms of those who only partially own the land proved to be most productive. They account for over 40 percent of the leased land. Such a result which appears to contradict common sense, has a rather simple explanation: the average size of land plots belonging to owners is 100 hectares, while the partial owner has over 320 hectares. Thus here as well the advantages of large-scale farming make themselves felt. While comprising only 13.8 percent of the total number of farms in the U.S.A., they account for over 70 percent of the commodity production.

The classic economic agrarian theory essentially boils down to the fact that abstractly there are no "good" forms of ownership for all times just as there are no "poor" forms. At any given moment those property relations and management techniques are considered the most effective which allow better utilization of equipment, production potential, and labor and natural resources. This means that each form of ownership and management, which best suits the local social, economic, and other conditions must be organically linked to concrete individuals.

Denationalization and privatization are among the most important conditions for the achievement of such a link.

Denationalization envisages the withdrawal of state enterprises from under direct management by state structures and their conversion into enterprises based on other forms of ownership and formation of production structures. At the same time the elimination of state monopoly in agroindustrial production is assumed along with transition to multifaceted ownership, formation of

free commodity producers, and replacement of administrative economic ties with mutually advantageous ones.

The denationalization of enterprises and privatization of property may be carried out at all the basic types of agricultural, service, and other enterprises and organizations owned by the state. Enterprises and organizations occupying key positions in the organization of the economy and ones of state significance as well as those fulfilling state functions are not subject to privatization. Denationalization and privatization of property within the APK [agroindustrial complex] system must be accomplished on the basis of legislatively adopted laws: "On property," "On privatization," "On cooperation," "On peasant (farming) homesteads," the land code, etc.

The main element in the problem of privatization is the selection of the form in which it is to be realized in the corresponding sector of the economy, including the APK enterprises. The periodical press, radio, and television offer a multitude of forms of management in resolving this question. We share that view. The variety of forms in the agrarian sector must rest specifically on pluralism in forms of ownership. At the same time they must not be opposed to each other.

It is, however, also necessary to note that for a number of years particular attention has been devoted to the promotion of peasant (farming) homesteads. The slogan "Give a peasant land and he will feed everyone" was promulgated meaning the physical division of land. In the reorganization of kolkhozes and sovkhoses and the creation of private peasant homesteads on their basis it is important to avoid a return to initial positions of collectivization, that is, it is necessary not to create individual homesteads of the type that existed in the forties and fifties, because since those times there has been an improvement in the standard of living and the character of the productive forces has undergone a change.

In connection with what was said we do not share the position of certain authors calling for the creation of equal starting positions for organization of peasant homesteads for everyone by dividing the land among all residents of kolkhozes and sovkhoses.

Such demands are being made by opponents of kolkhozes and sovkhoses, who consider that this form of management has not justified itself and are offering to eliminate it and shift to small-scale private land ownership. In doing so they refer to farmers in the West. In the U.S.A., however, there is a process involving expansion of the farms. Today large farms are the principal producers of agricultural goods as four percent of such farms yield 49 percent of the gross income, while 52 percent of small farms account for only six percent.

Small and very small farms are mainly operated as a hobby. Some 37 percent of American farmers spend 200 or more days a year working outside of the farm. Despite

state programs designed to support small farms, they go bankrupt and are absorbed by large ones whose effectiveness is much greater.

As we see all farmers are not the same. Our estimates indicate that under conditions existing in the republic peasant (farming) homesteads might be equal in size to American farms operated as a hobby. In addition to that, because of the lack of jobs in other spheres of the APK, we will be unable to offer our farmer employment outside of his farm. Furthermore, our farmer might not have the opportunity of working outside of his farm since the productivity of his labor is low. Also there are no trained people for the operation of peasant homesteads. The point is that in the realization of so-called socialist transformations in agriculture forced changes were made not only in property relations, which was done in other branches as well, but also in forms or production organization which did not occur in the latter. Therefore what took place was "depeasantization" of the peasants, while in other branches the worker remained the worker, and only the work provider and organizer of production changed. Therefore at present in agriculture it is necessary to search, if it is possible to put it like that, for ways of regressing not only in the area of ownership, but in the organization of production as well, which actually is the most difficult step.

Organization of peasant (farming) homesteads is also hindered by other difficulties: a quantitative and qualitative deficiency of the means of production, low level of organization in production and in technical, agrochemical, and informational services in the agrarian sectors, as well as others.

At present the capital-worker ratio in agricultural production in our case is lower by a factor of five to six compared with a farmer in the U.S.A. Moreover, production capital in kolkhozes and sovkhoses differs from the assets of American farmers in its technical level, productivity, technical design, and degree of utilization.

Therefore in order to raise labor productivity it is necessary to consolidate the material and technical base of the agrarian sphere, and not through a mechanical accretion of assets, but by changing its quality in a radical manner, forming an optimal structure, implementing modern production technologies, servicing systems, etc.

Analysis and practice indicate that today, under conditions involving transition from the administrative system to a market economy, production and economic ties between spheres and enterprises of the APK have been disrupted, which places the latter in an extremely difficult position. At the same time transition to new forms of management gives rise to tens of additional problems that cannot be resolved at this stage.

Therefore we believe that under conditions present in Moldova kolkhozes and sovkhoses will remain the main producers of agricultural goods for the immediate future.

Further development of the forms of production organization in the agrarian sector of the APK must follow an evolutionary path.

Under market conditions, both the unprofitable and the economically strong farms must engage in a competitive struggle with other producers of agricultural goods in order to survive, while steadily improving the effectiveness of production. For that purpose it is necessary to restore the cooperative essence of kolkhozes, and eliminate the detachment of kolkhoz members from ownership of property and the fruits of their labor through the reformation of intra-farm production-economic relations.

Privatization of kolkhozes, by contrast with state agricultural enterprises, must be carried out, in our opinion, on the basis of a transfer of property to them without payment, which will lead to the formation of a collective-shared form of ownership. Privatization of kolkhozes, in our opinion, must take place in several stages. First a special commission consisting of a number of kolkhoz members, inventories the resources and finds and selects a variant of evaluation.

In the second stage a determination is made of the amount of basic property share of each kolkhoz member, while in each subsequent year the individual property share is adjusted to include the accretion in value. The institute worked out methodological materials for the evaluation of property and determination of the additional property value share, which were distributed to all APK enterprises and organizations in the republic.

The property share consists of shares of various groups of assets: fixed production capital, working capital, uncompleted construction, financial resources, to which individual worker's share of the land is added and may be expressed in natural or value terms.

Then comes the concluding stage of privatization—selection of the form of management. The labor collective is given priority in selecting this form. On the organizational plane work directed at denationalization and privatization of property should be started with the adoption of a decision by the labor collective (at a general meeting or a meeting of authorized agents) concerning the need for such a transformation. On its basis the farm administration appeals to the organ authorized to manage state property and make the necessary decisions.

The organ making the decision concerning transformation of a farm creates a commission on denationalization and privatization, which works together with the land commission in the implementation of the agrarian reform.

Further work on privatization at state enterprises is similar to such work in the privatization of property in kolkhozes.

Profound reformation of administrative structures, which must acquire market properties at every level, has to take place at the same time. Their relations with enterprises are formed on a mutually beneficial basis. The lack of organizational structures necessary for the formation of a private economy, personnel on management "teams" who are unprepared for work under market conditions—these and other questions could be resolved through the creation of a number of nongovernmental holding firms (companies) in the republic dealing with specific aspects of the process of privatization and investments. We would like to underscore the nongovernmental status of the above firms, the private character of which offers many advantages: personal interest in success, psychological stability with regard to the market, and a proclivity for informal relations in business activity, based on trust, efficiency in transactions and deals, as well as low overhead expenditures.

World practice includes many varieties of holding companies which are also acceptable for our economy heading toward the market. A network holding company is best suited in agricultural production when large state structures disintegrate into a series of privately owned enterprises encompassing the entire production cycle. In such a system the holding company is a sales or marketing firm. This structure has the most advantages as compared with the creation of a joint-stock company or leasing of enterprises since there is an increase in the number of independent entrepreneurs and owners and the property becomes more cohesive. In that manner a network of independent enterprises is created aimed at the output of a finished product conforming to the demands of the market. This network may be expanded by the involvement of new commodity producers in it or altered right up to the reprofiling of its individual links.

The path from a barracks system to free labor and a civilized market cannot be travelled without expenses. It is known that the legal backup of privatization in the agrarian sector of Moldova consists of a complex of laws and legislation. In applying them it is necessary to take into account that there are points in various legislative acts that are mutually exclusive.

Organs called upon to carry out this process were created in the republic and they will interpret these laws in their own way by virtue of their competence and subjective interests. It appears to us that for the effective conduct of privatization and denationalization of the APK it is necessary to expediently prepare manifold variants of privatization plans for different periods, involving scientists-agrarians together with skilled specialists, jurists, and scientific experts in this work. At the same time it is important to devote particular attention to the economic and social substantiation of each stage of privatization for that will determine the stability of success that is attained. This is an exceptionally responsible matter and haste in this case will result only in tears and blood. That is why we are proposing that this work be carried out under the motto: "Hurry but slowly."

Economic Strains Felt by Moldovan Peasantry

934A0279A Moscow SELSKAYA ZHIZN in Russian
17 Nov 92 p 2

[Article by V. Okunev: "A Correspondent's Opinion: Left Bank, Right Bank"]

[Text] Before autumn of this year requests for social benefits were submitted to the government only by volunteers, participants of battles on the Dniester. It appeared that Moldova citizens were reconciling with their living standard, one of the lowest in the CIS. But autumn came and the students presented their ultimatums demanding higher stipends. The fact that certain political organizations supplied some of them with slogans on the immediate withdrawal of Moldova from CIS and unification with Romania is another matter. Even though these slogans were not supported by all of the students, this indicates that in a political struggle the Moldovan People's Front will exploit any discontent.

A strange thing! It was specifically the governments in which the key posts were occupied by representatives of the People's Front which are the ones that brought Moldova to the current state of crisis. It is specifically they who compromised themselves through corruption and demagoguery. Now they want to shift the bulk of the blame to the new government—the government of national unity which is headed by A. Sangeli. Not wishing to leave their comfortable posts in the presidium of parliament, in the Chisinau primaries they are calling for a struggle "to the last drop of blood," that is they are struggling to achieve their goals with the tears and blood of the people. The current government is probably having the hardest time of it. It is the one which has to right the economy damaged by the politicians. After all the previous governments broke traditional economic links out of hand. At the same time the motive for such action was externally attractive: orientation toward the West, introduction of advanced technologies, and utilization of credits from wealthy countries. But business people of the West are careful in dealing with Moldova: the situation is too volatile here. Several months of quiet under the wing of peacemaking forces do not fool anyone. The question of the Dniester region has not been resolved.

In the meantime state structures are being created on the left bank of the Dniester, together with border security forces and customs points. Chisinau, in turn, is waging a propaganda war against the politicians of Tiraspol. How is it possible to explain the cruelty of the new presidential edict pertaining to languages? In accordance with it a regulation is being introduced concerning the certification of executive personnel, as well as workers who deal with citizens in the line of duty. The control functions are being delegated to the state department of languages. This agency has already found glory for itself as a rigid instrument favoring the establishment of a single language, without introducing any useful textbooks or instructors. That means quite a large group of executives,

with knowledge and experience, and, what is most important, enjoying authority, will be forced out of the labor collectives. It is doubtful whether such action will help matters. It will serve to move the left bank farther from the right one. Just as the intention of introducing the lei in the immediate future, replacing the ruble. Even though it is highly problematical that the lei will survive any length of time under conditions created by a very deep economic crisis in the republic.

The most sober demands are coming from the ranks of rural dwellers. From day to day they are occupied with their difficult task. Far from every family is pleased with the results of the year. War and an unprecedented drought have cast their dark shadow over everyone. Not too long ago Prime Minister Sangeli named the figure of 30 billion rubles. The military opposition and the drought ended up costing exactly that amount for the economy of Moldova. This figure is the sum of the annual budget of the republic. There are still farms which managed to withstand all the current troubles. My friend, Ruslan Zelenenko, chairman of the "Reut" Association, made a brief comment on the results of the work: "We shall survive!"

It has been two years since this association split into cooperatives in the branches, and its own agricultural bank was even created. What is most important is that it was possible to organize the most extensive processing of the products of the fields and farms here. People here are busy the year round with the production of canned meat, vegetables, and juices. Many agrarians, however, are experiencing difficult times. They cannot afford to purchase feed supplements for animal husbandry, nor fertilizers, fuel or lubricants, and there is also a shortage of money to pay for labor. We can only say that the amount of indebtedness in labor remuneration in agriculture amounts to 147 million rubles.

A regular increase in prices for bread, eggs, sunflower oil, and sugar was announced recently. Ordinary folk will find it even more difficult to make ends meet. The displeasure of the people will also be felt by the legislators who have gathered for their autumn session. They will have to discuss and adopt almost a hundred laws and decisions. Including the law on the special legal status of the administrative-territorial units on the left bank of the Dniester. Without any exaggeration it is possible to say that this is a pivotal issue in the agenda of the parliament. After all peace on both banks of the ancient river depends on what kind of a decision will be made. Peace, however, is the only hope for a worthwhile life remaining for the people.

Journalists Threatened with Censorship, Reprisals

93UN0300A Moscow ROSSIYSKAYA GAZETA
in Russian 13 Nov 92 p 7

[Article by Lyudmila Feliksova, personal correspondent (Chisinau): "The Sword of Damocles Hangs Over Journalists in Moldova"]

[Text] The Moldovan autumn is unique. There is the smell of quince, combined with the acrid smoke of bonfires of fallen leaves. There is a monument in the center of a city part to Pushkin, who is once again in disfavor: It seems that he did not write the right things about Chisinau and Bessarabia. The National Patriots of Moldova view him as a supporter of the imperial mindset, but Pushkin is now beyond the control of any censor. This cannot be said of journalists. This "season, a feast for the eye," has been chosen as the time for the latest reprisals against objectionable individuals.

Numerous attempts have been made in Moldova to keep the press on a leash in various ways, including physical force. The editorial offices of MOLODEZH MOLDOVY were ravaged and burned. Would anyone be surprised to hear that the criminals were never apprehended, or that the GKChP [State Committee for the State of Emergency] was used as a pretext to shut down the newspaper forever?

Journalists have been assaulted, threatened, and harassed. The Moldovan Government has used various excuses to prohibit the issuance of some Moscow publications and even planned to cut off the Ostankino channel. It was saved by "The Rich," who are still paying for this.

After calling itself a civilized European state, Moldova had to change its methods of dealing with the press. It seemed indecent for it to use physical means of suppressing undesirable publications and objectionable journalists. Other methods had to be devised, and now they are already being tested. The personal correspondents of publications with differing political affiliations but the same geographic origin—Russian—were denied accreditation a few days ago. Now the journalists of Moscow newspapers are threatened by the Damoclean Sword of a new form of censorship—accreditation.

The names of the first victims are already known—the personal correspondents of PRAVDA, KOMSOMOLSKAYA PRAVDA, and NEZAVISIMAYA GAZETA. The correspondents of IZVESTIYA, ROSSIYSKAYA GAZETA, and the RIA agency are still allowed to work, but this does not mean much. New rules have been set: The Moldovan Ministry of Foreign Affairs is empowered to suspend the accreditation of any journalist misinforming the public. This all-purpose wording can be applied to any specific case. The "hand of God," which can strike any foreign (meaning Russian) correspondent at any time, has a name. It is V. Matey, chairman of the parliamentary commission on the press. He was the one that issued and signed the confidential reports on the journalists who are now being banished by the Ministry of Foreign Affairs. Matey's completely illogical response to Deputy Krylov's question about this at a session of parliament was that, judging by the standards of international law and the statute on the freedom of the press, any state could deny accreditation to foreign journalists without explanation because the label of journalist "has been used as a cover by many spies, and there is no reason to explain to a person that he is a spy or God knows what"....

In fact, there is good reason to doubt Matey's own ability to be objective. His political preferences are well known. He is one of the official leaders of the People's Front, whose publication TSARA has taken liberties no one can take: calling for the annihilation of the constitutional bases of Moldova as an autonomous and independent state and leveling vulgar insults at the legally elected president. But the heart cannot be commanded: Love, including political preferences, is selective. Matey cannot resist the temptation to shut the mouths of the journalists he finds objectionable, but in a civilized state, to which he makes loving reference, a man cannot usurp the prerogatives of the executive branch of government whenever he wishes and decide at a glance, strictly on the basis of his own biases, which journalists are objectionable and which are not. It takes sound arguments to declare a journalist persona non grata.

KYRGYZSTAN

Akayev on CIS Issues, Ethnic Relations

93US01564 Moscow ARGUMENTY I FAKTY
in Russian No 45, Nov 92 pp 1-2

[Interview with A. Akayev, president of Kyrgyzstan, conducted by correspondent N. Zhelnorova; place and date not given: "There Is No Policy Without Risk"]

[Text] [Zhelnorova] Askar Akayev, meetings of presidents of the CIS are held from time to time, although we are all in fact moving further away from each other. Be honest: Do you get anything out of these meetings?

[Akayev] I have noticed an astonishing thing. We signed a bilateral treaty with Russia. Had it worked, we would have needed nothing more, no Commonwealth of Independent States: we are bound to Russia 70 percent. But when our representatives go to the krais and oblasts of Russia, they are told: "Who cares what you signed there, at the top, we have our own views." We then assented to horizontal ties (direct!) with the regions of Russia. And we are now obtaining timber, oil, and metal. The accords at the top serve merely as a "green light."

[Zhelnorova] Whatever sovereignties you may have declared, Russia, thanks to its strength and resources, will at the subconscious level consider itself the elder brother, and you, the younger.

[Akayev] It is sometimes no bad thing being the younger brother. I like this at times and, I confess, I even use this situation to my own advantage. Not only with Yeltsin but with Nazarbayev also. This helps me keep our economy afloat.

[Zhelnorova] Such national movements are under way currently on the territory of the former USSR that a natural question is, evidently: Are not the Muslim states about to unite in a common union?

[Akayev] None of us is today endeavoring to unite the Muslim states because we have only one thing in common—the faith and territorial proximity. In everything else we are very different and go our separate ways and are implementing different reforms. I see, on the contrary, a greater endeavor to prevent a weakening of ties to Russia. And not because we have great affection for it (although I do have since I lived in Russia for 17 years, and it became a second home for me) but because things would be very difficult for our economy without Russian ties, and catastrophe would await it.

[Zhelnorova] You said recently that our economic relations with one another cannot be severed for the added reason that, on account of the lack of competitiveness of our goods, we can sell them only to one another and that these goods would be unsuccessful on the world market. But in this case we would simply become stuck at this low level and would not strive for perfection.

[Akayev] Why not? We will reach it, this is why reform is under way. We have completed the program of modernization of Kyrgyzstan's economy on the basis of new technology. It is an investment program and will require \$300-400 million. I have received a visit from the general director of the International Monetary Fund, and he came to believe that we really want to effect reforms and are not playing at them. He promised before the end of this year to have found funds to help us realize these programs. Then, in three or four years' time, we will have competitive products. But we have to get through these three or four years! If we now detach ourselves from Russia, we will simply not live to see that shining hour when we can move onto the world market.

[Zhelnorova] You are held in high regard overseas for the stability of your promises and for the good conditions for entrepreneurs. Do you believe that the West will help you?

[Akayev] Of course. We have adopted a package of documents for foreign investors, granted them privileges, and lifted the restrictions on the exports of capital which exist in the zones of all CIS countries.

The essence of this is that if people have come to us with their capital and have subsequently come to feel that the situation is changing and that they have become uncertain, they can take their capital and leave. This is honest, it implants confidence in them. But we are a poor country, with what could we guarantee foreign investments? We gave this some thought and adopted the Surety Act. It allows an investor with a large sum of capital (billions) to obtain as security an important gold deposit, say. The investor will be at ease. Should anything happen, the deposit is his.

[Zhelnorova] Are you not afraid that the whole country will be raked off in this way?

[Akayev] Can there be any major undertaking without risk? We have gone further even: We are enacting a law on concessions and concessionary enterprises (the state's allocation to private entrepreneurs of land for exploitation with mineral-recovery rights—N.Zh.).

When foreigners understood that our words were not simply promises but have a legal foundation, they came to believe that even if Akayev goes, the law will remain.

[Zhelnorova] You are counting more, consequently, on foreign forces than on your own, Kyrgyz, forces?

[Akayev] Why so? When the Soviet Union disintegrated, we all discerned our trump cards. Turkmenistan has five of them: oil, gas, cotton, karakul, and rugs. And all these may be sold for dollars, not rubles. It is for this reason, evidently, that Niyazov does not greatly care to talk with us.

I have none of these trump cards. But there are others. In terms of level of education Kyrgyzstan occupies one of the first places in the CIS. We have always aspired not so much to religion as to a secular education. We have many skilled workers in mechanical engineering and

electronics (a big defense industry), and for this reason we want to develop the high-technology sectors and are assimilating them more rapidly. My dream is to develop electronics.

We are channeling credit-93 into the processing of agricultural produce and into light industry. A refinery for 300,000 tonnes of oil will be built next year. And in 7-10 years we will have solved the problem of self-provision with energy. And we will be helped out for these years by our "elder brother"—Russia.

[Zhelnorova] You will now be engulfed, most likely, by a wave of unemployment?

[Akayev] This is the problem which preoccupies me most. Crime grows in the soil of unemployment. I am thinking of concluding a treaty with other countries in order to share workers with them for a time until we have created new jobs for people. They would return home with a trade and capital. We need, for this reason, to urgently export 5,000-10,000 young people.

[Zhelnorova] Not only crime, surely, is a reason why the Russians are worried and want to leave Kyrgyzstan?

[Akayev] I am doing all that I can to keep them. Pragmatically, I see three benefits from the presence of the Russian people in the country. First, the Russian people are an immense stabilizing factor. Eighty nationalities live here, and the Slavs maintain a balance between the Muslim diasporas.

[Zhelnorova] It is rare that people have good things to say about Russians. Are you sincere?

[Akayev] This is an indisputable fact. Bloody hostility has commenced in the Muslim countries from which the Slavs have departed. Look at Armenia and Azerbaijan, at Tajikistan. Following the mass exit of Slavs (I refer to the civilian population), unabating carnage between one's own people and between neighbors has been under way!

The second advantage: educated people, and it takes decades to train a competent specialist. The departure of such a number of Slavs could paralyze our economy. And the third advantage: the Slavs had their niche. A vacuum is always a destabilizing situation. For this reason I will do everything to halt the migration of the Slav population.

[Zhelnorova] Are bloody battles possible on your land? Like a fearful epidemic, they are spreading throughout the former USSR.

[Akayev] It is not declarations but action that is needed. We have three major communities: Kyrgyz, Slav, Uzbek. If there is peace among them, the rest will be unable to shake it.

We are doing everything not to infringe their interests. The democrats have been shouting: The land is the property exclusively of the Kyrgyz. And have been

sticking to their guns. I vetoed such a draft land code. Parliament overturned the veto twice, and only on the third occasion was I barely able to get my way. In addition, we have opened the Kyrgyz-Slav University, where the children of Slavs could obtain higher education (not every family can send its children to Russian cities). The nationalists want to oust me for this.

[Zhelnorova] And how would you resolve the problem of Karabakh were, God forbid, such a thing to happen on your land?

[Akayev] It is better to prevent this. Karimov and I were, for all that, able to avert bloodshed when the clash between the Kyrgyz and Uzbek communities began in Osh. Osh could easily have become a Karabakh. I told Karimov: You should come to us, to Bishkek, we will fly to Osh together and from there we will appeal to our peoples. He replied: Inasmuch as the Kyrgyz are to blame for the tragedy, you should come to Tashkent. And he set several conditions, which were extremely difficult for me—on account of the strong opposition—to accept. I did so. We met and appealed to the parties to the conflict, and reconciliation very soon followed.

Karimov displayed state wisdom at that time, got control of himself and mastered his opposition. So it is necessary to be able to step over yourself and not be afraid that the opposition will bring you down. Mutalibov was afraid, and you know how this ended. But, see, both he and Ter-Petrosyan would have gone down in history, perhaps even as Nobel Prize winners.

I have seen for myself that achieving peace by declarations and incantations is impossible. For Uzbeks we have opened a faculty in the university (although the Kyrgyz were opposed, but they made a noise and then quieted down) and three cultural centers and have provided premises and cars—for heaven's sake, preserve your culture. And the Uzbeks have come to trust us.

[Zhelnorova] I would be interested to know what conditions, for all that, Karimov set you.

[Akayev] Removal of the Osh leader since he was to blame. He could have prevented the clash, but did not do so. But he was an elected individual. I talked with him and asked him to go, but he would not do so for anything. And all the jingo patriots were for him: He was a national hero and was defending the Kyrgyz. How to get rid of him? I had to turn to a resourceful Jew, a professor: Help me. He quickly drafted a bill, not a thing could be said against it, and we carried it through parliament in a trice.... And the next morning I issued an order "on the basis of the law enacted by the republic Supreme Soviet to dismiss...." When we had taken this step, Karimov called and said: "I am flying out."

[Zhelnorova] The convergence and separation of republics of the former USSR—these are the desires of politicians or the peoples, for all that?

[Akayev] Of the politicians, of course! Why hide it, everything is done in the top echelons of power.

[Zhelnorova] How, in your opinion, do the present politicians view the opposition?

[Akayev] Having become a politician, I discovered that democracy is present in science, for all that. I always had an opponent. I was accustomed to it being necessary to know how to convince people and find arguments. True scientists would always seek out opponents themselves even: This helped them grow and polish their ideas. But spending time among politicians, I saw that they do not tolerate opponents. Absolutely none of them. Both democrats and partocrats. I saw that when a person makes his way to power and comes to feel the sweetness of it, he tries to take the easiest route—he removes his opponents. But this is the first step toward dictatorship.

[Zhelnorova] Do you share the opinion that what we have had has been not a democratic but a nomenklatura revolution?

[Akayev] I am accused of taking advantage of the former nomenklatura. But how are they to be replaced, there are no others! We should avail ourselves of the knowledge and abilities of the former partocrats and direct the nomenklatura revolution into a democratic channel.

[Zhelnorova] Are you confident that Yeltsin will not let you down?

[Akayev] I believe in the sincerity of his relations with Kyrgyzstan. We have had earthquakes, and Russia has rendered us assistance of the order of 3 billion rubles. We had a cash crisis. I flew to see Yeltsin and he said: "I was taking 1 billion rubles to Altay, but since your situation is such, take half a billion." And transferred them to my airplane on the spot. I have faith in him.

[Zhelnorova] How are you managing to survive, given your stern opposition?

[Akayev] I meet with them constantly and remove this tension. Dialogue has to be conducted. I have constant meetings with the corps of directors (they could, after all, paralyze industry), veterans, parties.

[Zhelnorova] Does the opposition have strong leaders, whom you fear?

[Akayev] It does, of course. But it has cunning ones also.

[Zhelnorova] What kind of team do you have?

[Akayev] Those who are capable of sharing both successes and responsibility. Four or five people altogether. I have brought none of my friends here.

[Zhelnorova] What kind of president do you want to be? After all, if bitter, you will be spat out, if sweet, you will be swallowed.

[Akayev] I have to maneuver. I am afraid most of being sweet and convenient for everyone and for this reason, evidently, I am constantly taking risks. Nothing can be done without risk.

TAJIKISTAN

Hardships of Russian Refugees Surveyed

93US01434 Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 pp 1, 11

[Article by LITERATURNAYA GAZETA special correspondent Oleg Blotskiy under the column heading "Children of Russia": "Refugees From the Others' War"]

[Text] Kurgan-Tyube—Dushanbe—Moscow—It is night. Kurgan-Tyube. Prison. Investigative detention facility cell.

There are several of us in the cell. We are not guilty of anything and are not serving a prison term. We live here. The former inhabitants of the prisons had been let go, sending them crawling to various corners of the huge Vakhsh valley. Now the investigative detention facility building houses an army unit as well as those who have fled to the unit from the city. For this reason there is a catastrophic shortage of living space in the regiment. So we have to make do with the prison.

We are sitting at the table. There is no electricity in the regiment; a flashlight barely provides enough light for the room. Eating supper. Officers and several refugees for whom the prison has already become a home. Uncle Yura is over 60. He managed to send his wife to Russia. As for himself, he was not able to leave in time, and does not have any place to go anyway. When plundering and mass murder started in the city he left his apartment, abandoning all his possessions, and moved into the prison. Ivan, who is over 40, did the same. Before the war he worked as a television repair technician. Now he is a voluntary prisoner of the Kurgan-Tyube "slammer." "It is good that my wife was able to leave," cheers Ivan, "it makes it easier on me."

Why did not he leave himself? Ivan and everyone else at the table laugh. "No money," says Uncle Volodya. "Where would we go without money these days? We did not receive any wages for several months. Anything valuable there was at home has all been plundered. So we live here."

It is probably the hardest for Uncle Volodya—Vladimir Anatolyevich Chebotarev, a major who retired from the army after 28 years of service. His family is still here, in Kurgan-Tyube. "Forget me and my wife," he says. "We have lived it out. If I could only ship out my son and daughter-in-law and grandson. If we knew that they were in Russia it would make it easier for us."

Vladimir Anatolyevich's younger son, Anton, is next to us. He is 18. He is dressed in a khaki-colored uniform. Next to him is an automatic rifle. The weapon is a trophy

captured in combat. Both father and son remain in the unit around the clock. They perform the same duties as the military; at night they guard the prison, one side of which adjoins the unit.

"How long have you been this way?" I ask.

"More than four months," replies Uncle Volodya. "As soon as the turmoil started we came here. What else is there to do—we have to defend ourselves. Had it not been for the unit, I do not know what would have happened. We would probably all have been killed. I wanted to move the family earlier, but we were waiting for Anton to finish technical school.

"Has he?"

"The technical school burned down, together with all the documents," Uncle Volodya waves his hand dismissively. "Everything down the drain. And we got stuck here like in a mousetrap."

The rest are listening to our conversation more or less indifferently. After several months spent among blood, death, and inhuman suffering another conversation about their common tragedy does not evoke any emotions. One gets the impression that these people have reconciled themselves to their fate and do not expect anything good from it.

Their families are dispersed around the enormous country. They do not have any information about them; actually, they learn whatever is happening in Russia or Dushanbe from Moscow television broadcasts. When they watch television reports from Tajikistan, they spit, shake their heads, and briefly summarize: "A pack of lies!"—also using stronger expressions.

The regiment is under siege. From time to time the opposing sides—"vovchiks" and "yurchiks"—battle for the city. The streets are dangerous. Therefore the city looks deserted. In daylight some brave souls dare to walk to their apartments—to see whether they had been plundered yet or not.

All those in the regiment, who took to arms in their defense, have been sentenced by the "vovchiks"—Islamic fundamentalists, supporters of Tajikistan's current government—to death. The murder of Senior Lieutenant Igor Kovalev is their doing. The officer was executed by shooting almost on the doorstep of his own house.

"Why do we need homes, apartments now?" says Uncle Volodya. "We were buying them out, privatizing them (hearing this word, everyone laughs). Thought we would later sell or swap them. Who will buy them? So many people have already fled the city—you can walk into any apartment and live there. The owners will not return.

"Maybe they will return, after all? Everything will settle down?"

They look at me with a sympathy reserved for the sick. But say nothing. Polite people.

"What has begun here is for a long time to come," Ivan diligently explains to me. "Yes, it may calm down for a while, but then everything will explode again. There is no limit to the blood vendetta. Therefore the best thing to do is flee. But it is very difficult. No place to go, and no money to pay for the trip."

Later in very frank conversations with other people I learned that some of them, pushed to desperation, would go for several days to the "yurchiks" and fight on their side. For one day of combat they were paid 10,000-15,000 rubles. They used the money to send their families to Russia.

"And Russia, how does it respond?"

"Nothing!" comes the reply. Everybody immediately agrees. "Who are we to them? Nobody! See, I read in the newspapers some time ago: Try to touch an American anywhere, and the whole of America will rise. But here? Russians are being killed, robbed, humiliated, and not a word in their defense from anybody! A few days ago there was another cease-fire in the city. The "vovchiks" and "yurchiks" agreed not to shoot at each other. You know what happened? One Russian family was simply knifed to death. They kept their word. Nobody was shooting, after all. Who is speaking about this in Moscow? Who is raising the alarm? Do they need us? They are fighting for power so they can eat well."

All my subsequent meetings with Russians in Kulyab and Dushanbe convinced me that nobody counts on help or even attention on the part of Russia. They prefer to count only on themselves and help from relatives. In my opinion, the government of the huge republic could not have brought itself to greater self-humiliation. What it comes to is that those who represent the interests of their people are not trusted by these same people.

Two days later a military convoy from Dushanbe that had brought food to the besieged units is preparing to return. For the first time in many months the refugees may have a real opportunity to leave town.

Dark green military vehicles line up in progression in the regiment. Armored personnel vehicles are tightly swarmed by soldiers in camouflage fatigues, wearing armored vests. In their hands are automatic rifles, grenade launchers, sniper rifles.

The convoy's move outside the perimeter of the regiment resembles a well-planned army operation. Along the way the vehicles have to get through areas controlled by "yurchiks" and "vovchiks," as well as the front line that separates them.

The atmosphere in the regiment is animated. A multitude of people are bustling near covered large-tonnage Ural trucks. They were used to bring firewood and potatoes here. From here they are taking women and children. Those leaving and those seeing them off are

crying. Men with automatic rifles are helping to load belongings and lift children onto the trucks.

From the armored personnel vehicle I see Uncle Volodya and his wife. Zinaida Ivanovna is crying. Uncle Volodya is chain smoking.

The evening before there was a serious man-to-man conversation between Chebotarev, Sr. and Chebotarev, Jr. "You have to understand," Uncle Volodya was saying to his son, "you are the ones who have to leave. Mother will stay with me. She will not go anywhere without me anyway. It will be easier for us if Olga and Sasha leave. You are a man and it is your responsibility to get them to Lipetsk." Anton was objecting. He was saying that mother had to go, while he would stay and fight together with father. In the end, father's point of view and authority prevailed.

The convoy sets off on its way. Women are crying. Men reservedly wave their hands. The regiment commander, Colonel Merkulov, raises a clenched fist, wishing us successful trip. The soldiers put their automatic rifles on the ready.

The vehicles move through Kurgan-Tyube slowly. The "yurchiks," who control the greater part of the city, wave their hands in greeting. Many have red ribbons wrapped around their wrists. Red flags are fluttering from poles. These people are fighting against the Dushanbe government and are very sympathetic both towards Russian units and the Russians in general.

The picture changes dramatically on the territory controlled by Islamic fundamentalists: sullen looks; people hiding in ditches, pointing automatic rifles at us. Small groups of women working in cotton fields hide in concert behind the bushes on orders from a man—a brigade foreman or maybe a slave-driver.

Three hours later, at dusk, the convoy arrives at Dushanbe, at territory of the 201st Division of Russian troops. The trucks bearing refugees stop by the automotive depot. The sides come down. Noise, chaos, commotion.

In the group of military men standing nearby I see Lieutenant General Sokolov.

"What will happen to the refugees now?" I ask Aleksandr Ivanovich.

"What will happen? We are responsible only for the servicemen's families. The civilians are none of our business. As for the servicemen's families, they will be fed, provided with a place to live, and sent to Russia on the first military transport. By the way, they take names for that transport at the headquarters.

There was no air traffic from Dushanbe for several days. It was three days after the refugees' arrival that the first military IL-76 on a commercial flight landed in Tajikistan's capital. This was the aircraft that was supposed to take us from Dushanbe.

The sky over the airport is blue and cloudless. A summer-like sunshine. A multitude of people gathered on the landing strip near the huge body of the aircraft. Everybody wants to leave. Not all will succeed. Only those put on the list beforehand are being put on the plane. The refugees from Kurgan-Tyube are not on that list—neither are many other people leaving Dushanbe in a hurry, as a matter of fact.

Literally two days ago Islamic fundamentalists took children in a secondary school hostage, demanding that the Russian troops destroy the Kulyabs' armored equipment. Therefore I see many children's faces around. The parents do not want to put their kids' lives at risk.

Anton, Olga, and little Sasha, together with another family, are standing next to me. They came on the off-chance. Maybe they will get lucky. Yesterday I called the dispatch room of the air force regiment and asked about the aircraft for refugees. The duty officer was utterly surprised to hear my question and replied that this was the first he had heard of it and that there was no order to that effect. Oh, General Sokolov, General Sokolov!

"How did it go these two days?" I ask Olga Chebotareva.

"We stayed in the barracks," she replies calmly. Such a reaction does not surprise me. In Kurgan-Tyube Olga, together with her mother-in-law and son, lived in a room that belonged to an artillery battery. Dark walls. Army cots. Shell storage boxes. No problem. Normal life.

"Did they feed you?"

"The first evening they brought tea and bread. Since then—nothing at all. Anton went to the city looking for food."

The refugees stand like orphans, away from everybody, not approaching the aircraft. Next to them is another family—grandmother and granddaughter. Grandmother is dressed in a warm woolen coat and black fur hat. The girl is about eight, wearing a light midseason jacket. Hanging from her shoulders is a small dark green backpack made of a military knapsack. Her head is covered by a gray kerchief, the way old women do in villages—with a knot on the back. The girl is indifferent to everything that is going on around her, just clinging closer to her grandmother.

"We have to go to the plane!" I say.

"We do not have permission," says Anton.

"And who is going to give it you?" I ask angrily. "See—nobody here gives a damn about you. You have to push for yourself! Yell! Demand! Cry, after all, damn it, just do not stand here like this. Is it not clear that nobody here will help you?"

We make our way closer to the steps. There is pandemonium there. At the top, in the narrow mouth of the door, next to the crew are two frenzied Tajiks—airport

employees. How and why there are here, on a military transport, is unclear. They do know their business well, though. An inviting gesture to start boarding—and ahead of everyone go...the Tajiks. Men in solid, well-tailored coats climb the ladder like roaches. Some of them are the ones who chartered this military transport aircraft. Others are people nobody knows except the "masters of ceremonies." The rest—women, children, men, officers—watch silently as the "native" population boards.

Then they start calling the names on the list. Hearing my name, I give Olga a push in the back, grab a couple of bags, and go up together with Anton. In the commotion Olga and the child manage to slip into the aircraft and disappear behind the boxes. The quick hands of the "masters of ceremonies" pluck Anton and me out, though.

"Who are you?"

"Passengers, for the plane."

"He is not on the list," they nod towards Anton and nudge him towards the exit.

"He is with me, a refugee!"

I persist, so Anton and I are sent down the ladder in order not to hold up the boarding. Down there is already a melee of bodies, bags, and packages.

"It is nothing," says Anton; his lips are trembling. "The important thing that they do not get Olga off the plane. I will go back. Help them get to the railway station, will you?"

"We will all go," I maintain, although I have no faith in what I am saying.

"Hey, journalist!" one of the crewmen calls me from above and waves his hand.

"Listen, this is a commercial flight," the pilot tells me, and I can see that he himself does not relish this conversation. "The ticket costs 6,700 rubles; does he have the money? Will he pay?"

"He does," I lie on the spot. The important thing is to get them there.

"All right," says the pilot. "Let him on."

It is dark in the bowels of the aircraft. Boxes are piled up down the center. Along the side walls are collapsible seats, where people are perched. There is indeed very little space.

The ramp of the aircraft, located in the tail, suddenly shudders and starts lowering. I am blinded by bright light. In the distance are the green humps of the mountains. Above them—a blue cloudless sky. And directly in front of me—the large concrete squares of the landing strip, crossed by black seams. Several lonely figures are

walking along it towards the exit. I recognize the grandmother in black hat and the girl in the kerchief among them. The little girl is trotting behind the group. None of them looks back.

They did not make it. No space.

The ramp closes. The engines revved up and the aircraft took off, carrying on board those who were lucky enough to break out of the nightmare of the others' war.

It was raining in Moscow. Some of the arrivals were met. Most made their way to the city on their own.

To the pilots' credit, they did not take money from any of the refugees.

In Moscow, as we purchased tickets at the railway station, Anton smiled, shook my hand, and said:

"Well, this is it. We are as good as in Lipetsk. We have relatives there. They will help. Goodbye!"

"Goodbye!" I replied.

Rocking in the empty subway car, I thought of all I had seen in those few days. I could still see the figure of the girl walking away on the landing strip. There is a green backpack on her shoulders. And her head is covered with an old woman's gray kerchief.

Prospects for Moscow-Backed Peace Analyzed

93US0151A Moscow NEZAVISIMAYA GAZETA
in Russian 11 Nov 92 pp 1, 3

[Article by Igor Rotar: "Moscow Is Attempting To Extinguish the Tajik Civil Strife: But the Chances of a Compromise Being Reached Are Very Slim"]

[Text] The attempt to overcome the Tajik crisis which has been made by Foreign Minister Andrey Kozyrev, personal representative of the president of Russia, is convincing testimony to Moscow's concern at the instability of the situation in the Central Asia region. At a meeting with servicemen of the Russian Army's 201st Motorized Infantry Division the country's chief diplomat set forth for perhaps the first time Russia's geopolitical concept in the mysterious east of the disintegrated empire. According to Andrey Kozyrev, although the stagnant concept of preparations for a war with the United States has become a thing of the past and an alliance with this country is taking shape for the future, arguments concerning the total lack of conflict in relations with the transatlantic superpower are an exaggeration. There is, as before, competition on the arms and uranium markets. As the personal representative of the president of Russia said: "There are two extreme viewpoints on Russia's policy in Tajikistan. The first version contemplates a total severance of relations with this state. The other extreme viewpoint assumes that Russia should intervene as actively as possible in Tajikistan's internal affairs, with the aid of force included. In my view, both these versions are unacceptable. Russia's

complete 'departure' from Tajikistan would mean damage to Russia's national interests and perfidy in respect to its neighbors (I refer to the Tajiks). Nor can it be forgotten that Russians live here. If previously Russia's presence was perceived as imperial diktat, today we must change this notion. Russia must act as a peace-maker.... Russia's present geopolitical interests in Central Asia are not a struggle for a sphere of interest. In order to protect Russia's borders we must achieve political stability in the Central Asia states."

Moscow has offered its plan for a settlement of the Tajik crisis, which was approved practically in full at a meeting of presidents of Central Asia and Kazakhstan in Alma-Ata. As NEZAVISIMAYA GAZETA has already written, the main role in the stabilization of the situation would be assigned the State Council, which would incorporate representatives of all regions of the republic, rebellious Kulyab included. It has become known that the present acting president, Akbarsho Iskandarov, is to be the chairman of the provisional supreme organ of power (in the event of its creation being approved by the session), and Abdumalik Abdullodzhanov, prime minister of the Republic of Tajikistan and a native of Leninabad Oblast, and Mukhriddin Ashurov, commander of the Russian Army's 201st Motorized Infantry Division, his deputies. In the opinion of the majority of independent observers, Iskandarov, a native of the Pamirs, does not enjoy influence either among the Islamic-democratic opposition or among the supporters of the ousted president. The appointment to key positions of the "northerner" Abdullodzhanov and the Russian general Ashurov, on the other hand, essentially means that power is once again, albeit partially, returning to representatives of the Leninabad clan and also to the Russian Army. However odd, the makeup of the leadership of the State Council has not evoked a protest from the bloc of Islamicists and democrats represented mainly by natives of the southern Garm region. In the opinion of circles close to the leadership of the Russian Foreign Ministry, the "Islamic democrats," frightened by the scale of the internecine war, are prepared to agree to any concessions.

But although the creation of the State Council undoubtedly weakens the positions of the Garm people, the leaders of the Kulyab militarized groupings unequivocally rejected the need for the creation of a new organ of power. Their position was inflexible: The legitimate government and the ousted president, Rakhmon Nabiyev, must be restored to power in Tajikistan. As NEZAVISIMAYA GAZETA has already written, it was clear following such statements by the Kulyabites that the idea born of the collective wisdom of the Central Asia presidents and Moscow had shown that it was a nonstarter even prior to it having been put to the test in practice.

Is it really that important that the supreme organ, whatever it is called (coalition government, State Council) would be opposed by the Kulyab insurgents? It may confidently be said that the State Council would not

get unconditional support in Leninabad Oblast—the homeland of ousted President Rakhmon Nabiyev—either. NEZAVISIMAYA GAZETA has already expressed doubt that the insurgents of one of the poorest areas of the republic—Kulyab—could have scored such impressive military successes without Leninabad's assistance. The appointment as prime minister, on the other hand, of the northerner Abdullodzhanov, which was perceived by many as an attempt by the southerners to agree to a compromise with the Leninabad people, has not brought peace to the republic. Consequently, the appointment of the prime minister deputy chairman of the State Council would hardly be to the liking of all representatives of the Leninabad clan. By all accounts, the State Council would not be to the liking of Tajikistan's Uzbek population either. Thus the authorities of Tursunzade (the area where the Uzbeks are preponderant) have also opposed the creation of a new state structure.

So the danger of new military clashes in Tajikistan is extremely high. It is significant that, as Sangak Safarov, leader of the Kulyab militarized groupings, told our NEZAVISIMAYA GAZETA correspondent, his detachments intend very shortly to take control of the "road of life" linking Kurgan-Tyube and the Uzbek city of Termez. "We have to get unimpeded humanitarian assistance from Uzbekistan," Safarov declared. New bloodshed, on the other hand, would require decisive actions of those who have undertaken to resolve the conflict. The Russian Army might be the sole realistic force of disengagement in Tajikistan. A statement signed by Akbarsho Iskandarov, acting president of Tajikistan, and Eduard Vorobyev, deputy commander of ground forces of Russia, contains the significant point: "The Russian Army may use weapons to protect the civilian population against the direct endangerment of their life and health." Inasmuch as in the internecine war in Tajikistan the antagonists prefer not to stand on ceremony when it comes to the peaceful population of an "enemy" region, the involvement of the Russian Army in the conflict will be practically inevitable.

But even the Russian Army is hardly capable of damping down the civil war in Tajikistan. It was no accident, evidently, that in an interview with the "Itogi" program Andrey Kozyrev made a highly guarded appraisal of the results of his peacekeeping mission, terming it merely of some use.

UZBEKISTAN

New Interest in Sharaf Rashidov Examined

93US0142A Moscow LITERATURNAYA GAZETA
in Russian No 47, 18 Nov 92 p 11

[Article by IMA-Press correspondent Vladimir Klenov specially for LITERATURNAYA GAZETA: "Rashidov's Return"]

[Text] This year 7 November was once again a holiday in Uzbekistan, but it was not an anniversary of the storming of the Winter Palace which was being commemorated but the 75th birthday of the deceased Sharaf Rashidov. The former candidate of the CPSU Central Committee Politburo, who ruled the republic for almost a quarter-century, was vouchsafed ceremonial gatherings, stage adaptations, and premieres of a documentary film, and white coverlets were pulled from new monuments, busts, and memorial plaques. Who felt a need to resuscitate the spirit of the "No. 1" who died in the fall of 1983 and why? Who was he, Rashidov?

In the spring of 1959 the Communist Party of Uzbekistan Central Committee Bureau was in continuous session for three days and three nights. One question was being discussed: whether Rashidov was to be or was not to be "No. 1." Among those who were sharply opposed were the "No. 2"—Roman Melnikov—and Anatoliy Bykov, chairman of the republic KGB. Nonetheless, Rashidov made it. His candidacy had been agreed in the Kremlin. Not long prior to this Rashidov had complained to Mikhail Suslov that there had been a "weakening of the party leadership" in the republic. The next day Rashidov and Suslov were received by Nikita Khrushchev. The fate of Kalimov, then "No. 1," was sealed.

Sharaf Rashidov is a political phenomenon of the Soviet era. One of the few, he was able to hang on in the top party caste from Stalin through Andropov, just failing to live to see the Gorbachevian perestroika, in which he would have performed not the least role.

Rashidov was a native of the village of Dzhizak, which is right on the edge of Golodnaya Steppe, 100 km from Samarkand. He graduated from the pedagogical technical school and felicitously landed in the stream of the abrupt rejuvenation of party personnel following the purge of 1937. In 1943 Rashidov was executive editor of the oblast newspaper LENIN YULY, the majority of whose staff had been deported. Several months on the Kalinin front, wounded in the arm, demobilization, and editorship once again.

A story prevalent in Uzbekistan is that originally it was by no means Sharaf Rashidov who had been scheduled at the top for the highest office. His brother—Khamid Alimdzhan, a poet from Dzhizak and head of the republic Writers Union at that time, who is today considered a classic of Uzbek literature—was being vigorously promoted for it. But in 1944 he met with an automobile accident. And just before his death he allegedly pointed to Sharaf as his successor.

Whether this is true or not it is hard to say. But it was in 1944 that Sharaf Rashidov took the first step in a dazzling career. He became secretary for personnel of the Samarkand Oblast Party Committee. Within six years he had shot up, as if in an elevator, from this office to chairman of the Uzbekistan Supreme Soviet Presidium—at the age of 33.

What is the explanation for Rashidov's political longevity? Largely the fact that he was able to skillfully build relations with Moscow. For Staraya Square he was always one of them to the core. He supported, approved, developed, expanded. A classic example was when Leonid Brezhnev asked "Sharafchik" during a ceremonial meeting in Tashkent to produce 6 million tonnes of "white gold." And Rashidov smilingly promised, although, of course, he realized full well that he would hereby be driving the Uzbek countryside into an impasse from which it simply cannot extricate itself even today.

With the consent of the Kremlin Rashidov turned Uzbekistan—by analogy with the Baltic, the Western showcase of the USSR—into the southern showcase. Comrades in arms in the class struggle from Africa, Asia, and Latin America were to gaze on it with astonishment. And much was forgiven Rashidov for this alone.

Nor did the "No. 1" stint on gifts for emissaries from Staraya Square. Second secretaries of the Communist Party of Uzbekistan Central Committee, sent from the center, as a rule, lived in Tashkent like Croesus. With tidy sums of capital they all subsequently left for high positions in Moscow or went as ambassadors to warm countries, as did, say, Leonid Grekov, who "took" Bulgaria. Representatives of the CPSU Central Committee, who were refused nothing, were greeted royally in Uzbekistan. Relatives and family of members of the Politburo and the government were frequent visitors to the sunny region. A sumptuous hand-woven rug was taken straight from the wall of a museum and given as a gift to the wife of Andrey Gromyko.

Rashidov had the warmest relations with the top leaders of party and government. He "bought" Nikita Khrushchev, for example, with the development of Golodnaya Steppe, helping play the virgin land card. And he would call on Leonid Brezhnev without ceremony, unannounced and without waiting, to which, in particular, Yegor Ligachev testifies in his memoirs. Leonid Ilich's pompous "tours of the country" were Rashidov's idea. The "No. 1" would drive the general secretary around model farms, lay on luncheons and dinners in national style, and roll out stupendous receptions and ceremonial meetings with a squall of loyal "stormy applause." The Uzbek leader's "secret weapon" was subsequently taken up by Geydar Aliyev and other heads of republics.

Sharaf Rashidov was a figure to be reckoned with in the Politburo, and his friendship was sought. That same Eduard Shevardnadze would send him Georgian wines on his birthday. The Stavropol "No. 1," subsequently CPSU Central Committee secretary for agriculture, Mikhail Gorbachev, would go to Uzbekistan frequently for an "exchange of experience."

Rashidov also strengthened his positions in the Politburo by the fact that he inflated the republic Communist Party to over 700,000 persons. People whom Uzbekistan wanted, such as Alekseyevskiy and Vasilyev, ministers of reclamation and water management of the USSR, and

secretaries and department heads of the CPSU Central Committee, were elected candidates and members of the Central Committee here—in remote rural constituencies.

Within the republic Rashidov's positions were so firm that the thought of his removal was not even entertained. The first thing he did on coming to power was to break up the Tashkent grouping which had opposed the new appointment. In "reinforcing the personnel" of the Communist Party Central Committee, the ministries and departments, and the authorities in the oblasts, Rashidov was not embarrassed to give prestigious key positions to people from his own parts, relatives and friends of his youth. Samarkand, where his brother ruled, Dzhizak Oblast, which under Sharaf Rashidov acquired oblast status and an Order of Lenin, and Syr-Darya Oblast, which was born in the course of the development of Golodnaya Steppe and which also was occupied by people from Rashidov's parts, were considered Rashidov patrimony.

Nonetheless, he was once a hair away from political collapse. Mass disturbances occurred in 1969 during a soccer match at the capital's Pakhtakor Stadium. The action had been precisely planned. Hundreds of anti-Russian, anti-Soviet placards and slogans were raised in different parts of the stadium. Uzbeks, armed not only with brass knuckles, chains, and sticks but also firearms, rushed to beat up the Russian fans. Fifteen thousand soldiers and militiamen were rushed in to neutralize the crowd, which had gotten out of hand. Dozens of wounded and persons killed....

With his trained bureau Rashidov compiled for Moscow a report which served up the Pakhtakor events as the hooliganism of "thoughtless youth." Without any political coloration.

The game was spoiled by KGB General Kiselev, who refused to sign this paper and whom Rashidov instantly requested be transferred to the center as "lacking experience of work in a national republic."

Moscow, however, paid heed to the rebellious Chekist and the letter of Russian workers from the Tashkent Freight Car Maintenance Plant, which had played a key part in the establishment of Soviet power in Uzbekistan. A group of 500 investigators of the USSR Procuracy was sent to the republic. Among those arrested were Premier Kurbanov, Pulatkhodzhayev, chairman of the Supreme Court, and Rakhmanov, secretary of Khorezm Oblast, who were accused of having directly prepared the unrest.

Saving himself from the party's "avenging sword," Yadgar Nasretdinova, chairman of the republic Supreme Soviet Presidium, wrote a penitent letter to the CPSU Central Committee. She spared no one, Rashidov himself included. It contained everything: the polygamy of secretaries of the Central Committee, the seduction of minors, the rape of the wives of their sons, brothels for the elite, corruption, and political degeneracy. Many people in Uzbekistan were "chopped" at that time. Only

Rashidov remained "innocent." Why? Possibly because he had persuaded the Kremlin that the Pakhtakor events had been organized specially to topple him. It cannot be ruled out that this was in fact the case. Although it is entirely possible that the anti-Russian outburst was to have kicked out of Tashkent the objectionable "No. 2" Melnikov, who had from the very outset been opposed to the appointment of Rashidov to the post of first secretary.

For what is Sharaf Rashidov remembered? He was undoubtedly a charismatic leader. Tall, which is unusual in the East, well-built, with smooth features and a haute-monde style and never raising his voice, he literally mesmerized those around him. The rest was worked up by party propaganda, establishing a personality cult in an Uzbek version.

Rashidov's historical contribution, as understood in the republic, is that under him Uzbeks became aware of themselves as a civilized nation, firmly strode into statehood, and sharply raised their educational level.

There is evidence also of Uzbekistan's economic leap forward under Rashidov. Industrial production, for example, grew fivefold. Thanks to untold billions in infusions, the Uzbek SSR provided itself with the most extensive irrigable farming in the former Union. For a republic in which even today villagers constitute two-thirds of the population this spelled salvation and the prevention of demographic catastrophe. The "No. 1" extracted from Moscow the maximum of funds for the restoration of Tashkent after the earthquake, building up the capital practically from scratch. And in terms of asphalted and concrete roads Uzbekistan is, if official statistics are to be believed, about 50 years ahead of Russia.

Sharaf Rashidov spent his last years pushing the project of the century—diverting the flow of Siberian rivers. Had he been successful, he would have inscribed his name in Uzbek history for all time. The turning of the rivers accomplished several strategic tasks simultaneously. New investments, which had in recent years begun to "dry up," would have flooded into the republic. The development of further thousands of hectares of virgin land would have made it possible to sharply increase agricultural production and provide millions of people with jobs and housing, and the Aral would have been saved. Clearly, the reverse side of all this would inevitably have been an ecological catastrophe in Siberia. But Rashidov, understandably, wanted benefits for his people. And was very close to his goal: The project had entered the completion phase, and earth work in certain sectors of the future canal was already under way. The last time the turning of the rivers was discussed in Uzbekistan was right on the eve of independence. But Islam Karimov, I recall, cut the supporters of the diversion short: that was that, the train had moved on.

Rashidov's mysterious death in Khorezm Oblast gave rise to many stories and false interpretations. It is said

that he had called Yuriy Andropov and reported the oblast's fulfillment of the cotton plan, but that the latter had harshly cut him short. The KGB had already "unearthed" the cotton affair, and the first arrests among the trading and militia mafia had begun. Was this a heart attack or the suicide of a leader unwilling to be crucified on the party Golgotha? There is also, for that matter, the legend that Rashidov is alive and in hiding overseas. Why else, it is still asked in the republic, were all his relatives at sumptuous official funerals wearing dark glasses? Were they hiding their eyes so that it could not be seen that they were not in tears?

Rashidov was called a state criminal at the Communist Party of Uzbekistan Central Committee 16th Plenum, which had been prepared with the participation of Yegor Ligachev. Shortly after, the entire final Rashidovite Central Committee Bureau was arrested by Telman Gdlyan and his team. And the part of Judas was played by Inamzhon Usmanhodzhayev, who had inherited the office of "No. 1" and who subsequently served 10 years for bribe-taking. This was a perfidious violation of a strategic pact formerly concluded between the Samarkand and Fergana nomenklatura groupings.

Rafik Nishanov came to power on the wave of the struggle against the Rashidov machine. Among the members of the Central Committee who unanimously condemned the former "No. 1" was Islam Karimov also. Having become first secretary and then president also, he did everything to restore the name of Sharaf Rashidov to Uzbek history.

Much has been forgiven the ex-leader today. The domination of the cotton plant and the Russification and the ruined Aral and the raging corruption and the talentless novels with party-correct heroes and the 11 Orders of Lenin, in terms of the number of which Rashidov outdid everyone in the USSR, and the absurd title of candidate of technical sciences, which he needed for some incomprehensible reason. Even the implacable opposition is keeping mum on this score, and there is nothing for the ruling elite to say. It was literally nursed by Rashidov. The present chairman of Uzbekistan's trade unions, Burya Allamuradov, a former candidate of the Politburo, was spotted while still a juvenile in the cotton field and was set up in life. Such things are not forgotten....

There are many people in the republic currently who are sincerely convinced that in the 20th century, at least, Rashidov was the most outstanding Uzbek leader. Uzbeks, as a young nation which comparatively recently acquired unified statehood and now independence also, could not permit themselves to eject from the past the 25-year segment to which the rule of Sharaf Rashidov pertained. Representatives of Uzbekistan's establishment need the latter as a connecting link of history in order to appear as reformers and continuers of the cause of making the republic a modern society. Rashidov's spirit is also designed to play the part of stabilizer in the awakened country.

...The columns of demonstrators crossing Tashkent's Lenin Square on Sharaf Rashidov's birthday, which he most likely gave himself when obtaining his ID, thought for many years that they were celebrating the Great October. What was Rashidov himself thinking at this time?

ARMENIA

Ter-Petrosyan Reviews First Year In Office

93US0149A Moscow NEZAVISIMAYA GAZETA
in Russian 13 Nov 92 p 3

[Article by Armen Khanbabayan, under the "Armenia" rubric: "The Worst of Democracies Is Better Than the Best of Dictatorships"]

[Text] A year ago, the first president of independent Armenia was sworn in.

November 11 marks one year since the first president of Armenia took his oath of office. In this connection, Levon Ter-Petrosyan reviewed some of the results of his presidency and gave his own evaluation to events of sociopolitical life.

During his meeting with journalists, the president remarked that the most serious economic situation in today's Armenia prevented him from talking about any achievements. However, the main positive phenomenon, in his view, is sociopolitical stability, which became possible not so much through the effort of the administration, as because of our people, who can foresee possible catastrophic results of destabilization. The president also emphasized the existence of a civilized opposition in Armenia, whose members do not go to extremes in their rivalry with the government. The situation in the republic is controllable, and its democratic freedoms are developing without being threatened; work continues on the new Constitution.

Our republic managed to overcome the militarist hysteria which, after the summer defeat in Nagorno-Karabakh, could have tempted the republic to become involved in a large-scale war with Azerbaijan. This did not happen, because the parliament declined the proposal to give formal recognition to the independent Nagorno-Karabakh republic, but it did not refuse to continue negotiations, as this would also mean a refusal to seek a compromise solution. "The Supreme Soviet decreed that Armenia should not sign any international documents naming Nagorno-Karabakh as part of Azerbaijan," said the president, "and this decree takes away from us the possibility of a political maneuver. Meanwhile, I suggested that this idea be phrased differently: Do not sign any documents which contradict the right of the Nagorno-Karabakh people to self-determination. However, the opposition version was accepted because I was not insistent enough."

The president sees Armenia's participation in the CIS structures as an important aspect of its foreign policy. However, Levon Ter-Petrosyan thinks that any further strengthening of the Commonwealth may be possible only after the current relations among the former republics are transformed into normal international ties. This is the only chance the CIS has to become a European-type commonwealth. Levon Ter-Petrosyan feels gratified by the level of development in relations with Russia. He

has no reason to think that Moscow is conducting either a dishonest or a deceitful policy with respect to Yerevan. "I want to emphasize this circumstance especially," said the president, "because quite contrary statements appear rather frequently in our print media. Meanwhile, the only misunderstanding to cast a shadow on Armenian-Russian relations was related to the violation of military parity between Armenia and Azerbaijan last summer, when the Azerbaijani side captured military warehouses on its territory, and Moscow gave in to pressure from Baku. But later, parity was restored in general, and now Armenian-Russian relations are not tarnished by anything." Levon Ter-Petrosyan feels optimistic in his thinking that the stronger the positions of the Kremlin reformers, the better bilateral relations will be.

Levon Ter-Petrosyan told reporters that he had recently talked on the telephone with Turkish Prime Minister Suleyman Demirel and had discussed with him the issue of economic cooperation. According to Ter-Petrosyan, Ankara is forced to tolerate strong anti-Armenian feelings in its people, but it also understands that it should sooner or later settle its relations with Yerevan; there is a possibility that the two countries will establish diplomatic relations as early as by the end of this year.

While he was on the subject, the president mentioned the recent resignation of former Foreign Minister Raffi Ovanisyan, which took place after his speech in Istanbul. The president expressed his categorical views against one-sided approaches, be they anti-Turkish or generally anti-Oriental, or pro-Western, as was the case with the minister. Incidentally, Turkey is an SBSE [Council on Security and Cooperation in Europe] member, and as such it shares the Armenian position on the possibility of a peaceful settlement in Nagorno-Karabakh. This position describes an unconditional ceasefire, without any preliminary conditions, as the key to the negotiations. Levon Ter-Petrosyan feels that the situation at the Nagorno-Karabakh front lines has stabilized by now, and this fact can also contribute to the success of any peacemaking efforts if, of course, Baku is prepared to give up its intention of solving the problem by force. Otherwise, the war will go on, and it will multiply the senseless casualties on both sides.

Levon Ter-Petrosyan admitted the main mistake of his presidency, a noticeable slowdown in the tempo of the economic reform and a halt in the privatization process. The current situation is compelling the government to deal with urgent issues, and it has abandoned strategic development of the reforms. In the parliament, however, any problem falls victim to political dissent and drowns amid endless debates. It took the Supreme Soviet all of six months to pass a law on privatization, and it has been three months now that the deputies have been trying to form a commission responsible for privatization, without which the law cannot be enforced. The president qualified as a political mistake the fact that the inevitable decision on raising bread prices was being postponed.

The president nevertheless feels optimistic in his expectations that the economic situation will improve with time, especially after Armenia manages to overcome the transportation blockade. Intensive negotiations are going on at present concerning the use of Turkish and Iranian transportation infrastructures by our republic. Trade recovery will lead to qualitative changes in the people's living standards, because the main problem of today lies in the fact that Armenia can neither import food and raw materials or export its own manufacturing goods costing tens of billions of rubles.

As for the current confrontation of the executive and legislative power, it will disappear gradually after the new Constitution is adopted; nobody is going to try and pull the blanket over to his side by demanding any extraordinary powers. A draft of the new Constitution will be presented for public discussion as early as next year. When asked whether he thinks it necessary to introduce direct presidential rule during the transition period, Levon Ter-Petrosyan replied that he was against such measures because "the worst of democracies is still better than the best of dictatorships."

Status of Foreign Ministry Examined

93US0153A Paris HARATCH in Armenian 16,
17-18 Oct 92 p 2

[Article by Arpi Totoyan: "The Armenia Depicted by the 'Despised' Ministry"]

[16 Oct p 2]

[Excerpts] From the early days of Armenia's independence reality underscored the importance that should have been attached to the country's foreign policy. The solution of many of the country's even internal problems was dependent on the "outside." The "outside" was the global space which began at Armenia's borders and which could not be ignored under any conditions despite speeches about not relying on any outside forces, individuality and sovereignty. Reality, with its numerous and diverse difficulties, urgently warned that this issue must be taken seriously but it could not be heard through the din of the speeches made. [passage omitted]

Hagop Asatryan, a member of the editorial staff of [Yerevan] AZG [press organ of the Democratic Liberal Party], has penned a research article—not so much to generate interest but out of a sense of journalistic responsibility—entitled: "The 'Despised' Ministry: Foreign Policy and the Factor of Irresponsibility, or Mistakes Which We Have No Right to Repeat." The article was published in the 1 October issue of AZG and was reproduced by the weekly BAYKAR in Boston.

Asatryan states in the introductory section of his article that when he became familiar with the condition of Armenia's Foreign Ministry and its financial and technical difficulties a few months earlier, he thought that these problems were temporary and that they would eventually be resolved. However, his expectations were

not realized, and, over the months, the old problems were compounded with new ones encompassing all levels foreign relations. This situation led Asatryan to present a true picture of the reality. [passage omitted]

The article first tries to answer the question "What is Armenia's foreign policy?" and then "Who formulates it?"

As a democratic country, the country's president drafts the principal features of foreign policy. He has a few advisers, "though for us, ordinary mortals, it remains unknown who his principal adviser is." Asatryan contacted various officials of the Foreign Ministry to find out how foreign policy is implemented. It was impossible to meet with the foreign minister because he is very busy and often traveling overseas. Deputy Foreign Minister Gevorg Ghazinyan refused any meetings with the reporter.

The person who tops the list of the numerous officials who answered Asatryan's questions is presidential adviser [on political affairs] Gerard Libaridian. He says: "Our country has chosen the only true path in foreign policy." Asatryan says that this "true path" is characterized by disparate and contradictory declarations by government officials and the constantly changing and ambiguous policies of certain nations. This latter situation provides justification to Libaridian's view that we must resolve our problems with our own means without pinning our hopes on the "outside." This immediately brings up the issue of improving the economic status of the people. Libaridian talks about the attempt to create regional economic structures with the purpose of ensuring regional security. He also talks about "the course of creating a militarized state" which would make all necessary means for defense essential [sentence as published].

According to the law on the president of the Armenian Republic, Levon Ter Petrosyan represents the country abroad, and is the general steward of foreign policy. The foreign policy domain has several bodies: The group of presidential advisers which is comprised of G. Libaridian, the adviser on political affairs, and the center of political analysis he has founded; the Foreign Relations Committee of the Supreme Council; the Foreign Ministry headed by Raffi Hovhannesian [resigned on 16 October] and its diplomatic corps; and the group of Ashot Manucharyan [currently foreign minister], the chief presidential adviser on national security affairs. Recently, Nikol Shahgaldyan also joined the president's advisers.

This structure does not mean, however, that relations amongst the president, his advisers, the foreign ministry and the Supreme Council work smoothly. Why?

Asatryan explains that "there is an internal struggle about who has more influence over the president." He adds that "according to the informed people he has met, so far Gerard Libaridian and Ashot Manucharyan are

the victors in that struggle." This internal struggle aggravates the confusion in foreign policy. There is an absence of information exchange because of "uncoordinated activities." Moreover, the Foreign Relations Committee not only acts a mere monitor of developments but also blocks legislative proposals submitted by the Foreign Ministry. A concrete example is provided: "According to First Deputy Minister Arman Kirakosyan, that committee has delayed and refused to submit to the general parliament a series of very important international treaties at a time when it was evident that Levon Ter Petrosyan was preparing to submit them to UN Secretary General B. Ghali." The internal rivalry also leads to complaints from the staff of the Foreign Ministry. They complain that "the information they provide is presented to the president as the work of the adviser apparatus." Is not this telling detail enough to confirm the anxiety prevailing in the foreign policy establishment? Even worse, the departure point of this anxiety is considerably removed from Armenia's interests. Libaridian's denial of these circumstances puts Asatryan on the course of a correct diagnosis. Rightly, he notes that the fundamental reason for this situation is that "until now it has not been made clear what agency formulates Armenia's foreign policy, its principal directions and indicators and by what mechanism that is done."

[17-18 Oct 92 p 2]

[Excerpts] After surveying these principal features, Asatryan does not forget to mention secondary phenomena. That helps to underscore the disorganization and to intensify the reader's astonishment and anger. He writes: "As far as we know nothing is recorded in the National Security Council; everything is done on the basis of verbal exchanges." The mechanism that should examine foreign policy issues seriously and reach general decisions is still "not operational." He adds: "Everything is done without preparation, hastily and in the air." [passage omitted]

The next lines cast a deeper shadow on the picture: "In reality in our country these issues are resolved verbally, sometimes over the phone, in an unexplicit manner." "Often the Foreign Ministry knows at the last minute or from the public media about the departure of presidential or government delegations abroad or declarations that have been made." Is it not alarming to hear that "these circumstances are confirmed in one way or another by the two deputy foreign ministers, A. Kirakosyan and A. Navasardyan"?

In connection with the uncoordinated activities of the Foreign Ministry the article mentions an incident which led to strong reaction—covered up by a coordinated effort—in the diaspora. Asatryan portrays the Armenian request to borrow wheat from Turkey as follows: The Foreign Ministry was engaged in intense work to obtain bread from Iran and an initial Iranian approval was obtained. However, the next day the prime minister made the same request to Turkey. When a positive

response was obtained from Turkish prime minister Suleyman Demirel, Iran's response was shelved. Although Libaridian says that both sides were informed about the appeal to the other side, it is not clear why, in that case, the prime minister did not make the request to both sides at the same time. It is also appropriate to ask: "Was it very difficult to preview the speech the foreign minister read in Turkey" so that later a presidential adviser would not have to say that Raffi Hovhannesian's remarks do not reflect Armenia's official views? The same situation occurred when the foreign minister later made critical remarks directed against the U. S. president. After all this it should not be surprising to hear that the deputy foreign minister, when the foreign minister is absent, does not know what accord has been signed in Sochi.

Deputy Foreign Minister A. Navasardyan believes that the reason for these mistakes is the "unforgivable foot-dragging, the tendency to remain behind the events" following the declaration of independence "and currently the absence of any initiative."

Karabakh and the diaspora are also featured in the article on the flaws of the Foreign Ministry. Libaridian and Christian Der Stepanian [adviser to the foreign minister, a French citizen] comment about Karabakh from a foreign policy standpoint. According to the former, one of the principal mistakes made over Karabakh was that "we could not persuade Karabakh that after the capture of Lachin and Shushi they must negotiate." [passage omitted]

It is also odd that the two senior foreign policy officials from the diaspora, Libaridian and Der Stepanian, note that the Karabakh issue poses difficulties for them because "it has on many occasions blocked the establishment of bilateral relations with various countries." The use of the word "blocked" inevitably leads one to think about political incompetence, unless the "various countries" mentioned are Turkey and Azerbaijan. [passage omitted]

These remarks provide justification to the questions Asatryan raises about government officials who were recruited from the diaspora. He says: "Are there no more experienced specialists on international diplomacy in the diaspora? Has the party affiliation of the incumbent officials been checked?"

Asatryan also rightly points out: "Sometimes those invited from the diaspora travel overseas more than the local diplomats. They 'gain greater experience' than the local officials. A few years later these diaspora officials will return to their countries, and we will once again face a shortage of cadres."

The last part of the article could easily be described as comical had it not been about Armenia. After noting that "an atmosphere of mistrust and suspicion prevails in the Foreign Ministry," Asatryan explains: "Everyone has free access to documents prepared in different departments. It would be a joke to say that it is possible to keep

any document secret in the Foreign Ministry." That is not all. He continues: "How can one talk about secrecy when communications with our embassies are conducted through ordinary facsimile machines and telephones? Even more shocking is the fact that embassies accredited in Armenia already use government telephone lines for their communications." The conclusion that Asatryan reaches is quite alarming: "One gets the impression that Armenia has nothing to hide from anybody and that it has in fact created conditions for productive intelligence work by the Iranians and the Americans."

The conclusion of all this is that "our public is not ready for civilized relations." Asatryan notes rightly: "Who can assure us that the Americans will not some day sell Turkey or Azerbaijan a comprehensive report about Armenia's social and economic status. The Iranians do not wish to expand their relations with us because they are worried that the Americans can also acquire their secrets through us." In any event, perhaps it is unnecessary to be so suspicious in a country where, even in conditions of war, the deliberations of the parliament are openly broadcast over television without any precautions.

After hearing all this and being inoculated against imprudence and incompetence, it is not shocking to read that the Foreign Ministry has financial problems, that it does not have an adequate number of computers and that the two deputy ministers have only one car. It is also not astonishing to hear that "no official, including the deputy minister, has any idea about the status of the fund that was established for the ministry. No one knows how that money is spent and for what purpose. Only the foreign minister knows the answers to these questions. Apparently he runs the ministry single-handedly. It is often asked how the foreign minister can explain the fact that there is no money to buy computers when he takes two bodyguards with him on his trips overseas."

These excerpts from the principal components of the article explain why the word "despised" in the title is in quotation marks. What is not immediately evident is who despises a ministry which packs the largest number of diaspora Armenians—in other words those who are considered to be more competent in foreign policy than the local people. Should that not have been enough to make the ministry a model agency? [passage omitted]

Regional Military Chief on Defense, Conscription

93US0152A Paris HARATCH in Armenian 13 Oct 92
p 2

[Article by Arpi Totoyan: "Who Must Think About the Soldiers?"]

[Excerpts] A question which cannot be described as anything but absurd in any other corner of the world, looms before us in all seriousness. It sits atop two columns of an official paper like HAYASTANI HANRAPETUTYUN as the headline of an interview on a pressing subject. The only justification for this situation

is that Armenia is taking the first steps in its experience of independence and that the circumstances have not yet allowed it to focus on the issue of forming an army while the enemy, ignoring the Armenian timetable, rains fire on not only Karabakh but Armenia's border regions. [passage omitted]

It is possible to understand and explain the war Azerbaijan has unleashed against Karabakh. After all who would agree to give away one's possession to someone else, even if one has taken that possession by the most unjust, unfair and unacceptable means? But what about the bombs, shells and rockets falling on Armenia's soil? How can they be explained except as a show of force and a naked threat of more severe steps? It has already become evident that documents such as the CIS security treaty have no practical value. If Azerbaijan recovers Shushi following its successes in Karabakh villages, if it seizes Stepanakert and even if occupies all of Armenia, none of the signatories of that accord will raise a finger to uphold that treaty of mutual defense.

Then what should be done in this situation? What can Armenia do? Smbat Ayvazyan, the military chief of the Krasnoselsk region, tries to answer questions about this issue in the 29 September issue of HAYASTANI HANRAPETUTYUN.

He says: "Currently the territory can be considered to be well defended. If the adversary tries to cross the border again and engage in military operations, we are in a position to mount a serious counterstrike and maintain the impregnability of the region's borders." A few days after this interview there were news that scores of artillery shells fell on Krasnoselsk and that there were many casualties. Let us lay aside those news and continue to read the interview with S. Ayvazyan. In response to a question on conscription, he says: "The military commissariats are carrying out the work in that regard. Such work is also under way in Krasnoselsk, but I would not say that the work is proceeding at the necessary pace. In any event there is hope that this important measure will yield positive results in the near future." He says that the conscription applies to 20- to 45-year-old able-bodied males "who must participate in the conscription." [passage omitted]

Ayvazyan also talks about "the most important factor" which he describes as "psychological preparation." He says: "We have always fought against enemies who were superior to us in numbers and armaments." He probably has Sardarapat [1921 battle in which Armenians defeated Turks] in mind when he talks about our history of unequal battles. However, he does not mention the name thus avoiding the painful question of what significance Sardarapat constitutes in the totality of that history. He also does not mention the fact that the part of the population subject to conscription has immersed the top-priority war situation in a sea of uncertainty characterized by hopes and "musts." As if hoping to find justification for that he expects "psychological preparation" from the people. He is tougher on the people than

on the able-bodied males when he says: "Until the people feel and accept the reality of a genuine war and realizes that it is one of the 'active participants' in that war in the sense of territorial 'belonging,' we cannot have any serious military successes."

The prerequisite he outlines for achieving peace is well justified: "We will achieve peace only if we fight the fighting enemy, not if we 'engage' in war." However, even that prerequisite remains a mere mention when he adds new "musts" to his remarks: "A military situation must be declared in the republic." [passage omitted]

In the last part of the interview Ayvazyan moves away from military issues and talks about preparations for the coming winter, because the region is one of the country's coldest areas. He says that the most urgent need is for warm clothing in appropriate quantities. It would be understandable to appeal to the people on something like this, but it is hard to explain when he says: "The nation that looks after its soldiers well is defended well by them." In an independent country and in the presence of a government is it possible to assign to the people the task of "looking after its soldiers"? The interviewer, Lili Martoyan, herself responds: "You cannot maintain an army with voluntary contributions from the people alone. The government must think about feeding and clothing its soldiers because the state that looks after its soldiers well is defended well by them."

The interview with the military chief of Krasnoselsk does not introduce anything new to the war situation and the progress the Armenian government is making with regard to the limping conscription effort. Perhaps, by focusing on the astonishing and offensive aspects of this issue, it helps us understand better the territorial, human and other losses that have occurred.

AZERBAIJAN

Azeri Volunteers Alleged to Be Training in Turkey *93US0150A Beirut AZTAG in Armenian 11 Sep 92 p 3*

[Excerpts] When Armenia's foreign minister, Raffi Hovhannesian, accused Turkey of providing military aid to Azerbaijan at the nonaligned nations summit in Jakarta a week ago, Ankara's representatives immediately issued a statement denying the charges of Armenia's chief diplomat and gave assurances that "Turkey's position is absolutely neutral" on the Artsakh issue.

For the consideration of Ankara's representatives and their Armenian colleagues who have asked them for wheat, we provide below an interesting testimony taken from the pages of the Turkish press which confirms once and for all, with unrefutable evidence, the nature and extent of the military assistance that is being provided to Azerbaijan.

The daily OZGUR GUNDEM (Free Agenda), in its 8 August edition, exposes the existence of a counter-guerilla military base in Sarikamis (Erzurum) where Azeri nationalists are being trained. [passage omitted]

According to a caption beneath a photograph of the base, Azeris are being secretly trained by the Mountain Brigade in Sarikamis. Furthermore, some Turkish and American soldiers affiliated with the NATO command in eastern Turkey have secretly crossed into Azerbaijan and engaged in various activities. The paper reports that it has obtained this information from three Turkish young men who received their military training in the said location.

One of the men said that most of the troops of the Mountain Brigade were moved elsewhere in May and that those who remained behind were ignorant and illiterate soldiers including some Kurds. One day the commander of the brigade announced that a large group will arrive for training. About a month later groups of 80 arrived in Mercedes buses at night to join the brigade. Initially the residents were barred from having any contacts or even talk with the newcomers. Eventually the restrictions were removed and the residents began to befriend the newcomers and to play ball with them. In the building Turkish and Azeri flags were hung. It was learned that young Azeri volunteers embarked on this trip thinking that they will be trained in mountainous areas [in Azerbaijan] and that they found themselves in Turkey. The interviewed men added that, although they have no proof, they have heard that Saudi Arabia is paying the cost of training the Azeris and that Turkey is providing the arms and the training. The training officers are not members of that brigade and come from elsewhere.

The Azeri volunteers are offered classroom instruction as well as military training. While Turkish soldiers receive only a few bullets for target practice, the Azeris practice practically the whole day. They work mainly with "Kalashnikov" [assault rifles] and mortar type weapons; some of them are trained on 105 and 155 mm artillery guns. Classroom instruction incorporates topics related to Turkish history, Turkish unity and Turkish-Islamic synthesis. The Azeris also take part in marches where they sing Turkish anthems and hail the heroism of Azeri soldiers. At the end of their training they are subjected to a health checkup at the military hospital in Sarikamis.

These Azeri young men are aged between 18 and 30. They have great admiration for Ataturk and hate the Russians.

The interviewed young men also talked about the training officers. Some are serious people, but others look like murderers. One of them once said: "I have not killed a man for 20 days. I feel bored." The interviewed men also said that they were instructed not to talk about happenings in the base but that the training of the Azeri

volunteers is a permanent topic of discussion in the markets of Sarikamis and Horasan.

Civil Defense Chief On New System

93US0140A Baku KHALG GEZETI in Azeri 22 Sep 92
p 2

[Interview with Captain Gulagha Babayev, chief of the republic Civil Defense Headquarters, by Eyyub Memmedov: "A Single System And Serious Supervision: Civil Defense Must Be Approached In Such A Demanding Manner In Our Republic"]

[Text] 31 July 1992 is the day that the Azerbaijan Republic formed an independent civil defense. On this day the president of the republic signed the order on proposing "Statutes On The Civil Defense of the Azerbaijan Republic." In the new Statutes a number of basic changes in the republic's civil defense system were made, a stable leadership was given to civil defense, and their rights and duties were defined.

What do these innovations consist of in reality? What positive changes are expected in the republic's civil defense which had earlier been established under the aegis of the USSR Ministry of Defense and whose activity had never really been felt. How will the republic's civil defense become active under wartime conditions?

In connection with these questions, we turned to the head of the Azerbaijan Republic Civil Defense headquarters, Captain (I) Gulagha Babayev.

[Memmedov] The presentation of the Statutes, above all, has put an end to the indeterminate situation of the republic civil defense system and strengthens its leadership. Now the republic president has implemented a general leadership for the republic's independent civil defense. The Prime Minister of the republic provides direct leadership over this sector, and bears the responsibility for being ready to perform the duties before civil defense.

With the goal of planning civil defense measures, organizing their fulfillment and supervising their execution, the Civil Defense Headquarters under the prime minister has been established and daily leadership of civil defense has been turned over to the headquarters chief. All state and economic organs, as well as every organization, institution and administration, no matter what the system of ownership, all responsible persons and citizens, must comply with the orders, directives and commands of the headquarters chief.

This structure derives from the necessity for a single leadership of civil defense because a complex of defensive measures must be prepared and the organization of the implementation of these measures and their supervision must be concentrated in one hand.

The leadership of civil defense is organized on the territorial-production principle; in other words, chiefs of the executive wing administer civil defense in cities, rayons and other administrative-territorial regions, and leaders of ministries, state committees, chief administrations do the same in their local organizations.

[Memmedov] But earlier the civil defense leadership merely assigned chiefs to these organizations.

[Babayev] Yes, they were assigned. Because of this they were not complete masters in this sector and bore no responsibility.

In the new Statutes this question is dealt with very seriously. Now the solution to problems pertaining to civil defense is included in the duties and obligations of the chiefs of the executive wing as well as the managers of ministries, state committees and local administrations, institutions and organizations, and thus they bear responsibility. This has special importance in strengthening defense work at a time when our republic has been drawn into a war and undoubtedly will basically revive the activity of civil defense organs everywhere.

[Memmedov] Since the conversation has touched on war, would you clarify one aspect to me: what kind of help are civil defense forces providing rayons where the war is proceeding?

[Babayev] When you say civil defense forces, what do you mean? Militarized or non-militarized forces? As for the former, that pertains to the special regiment of Civil Defense Headquarters. Its power is used to give operational help to the population and economy in special situations which would occur in times of war. For example, now there are special units of this regiment located in a number of border regions. They serve in rayons where war is being waged, and conduct work in territories where the enemy has used chemical weapons, and keep this sector under constant control.

These units identify all kinds of chemical poisonous substances and take operational measures against them. These units have enough specialists and technical equipment to clean up poisoned territory, equipment and military materiel.

I would remind you that the civil defense regiment must always be in a state of readiness in more secure periods to eliminate the consequences of natural catastrophes which could occur—earthquake, flood, storms, as well as major industrial accidents and fires. The staff of the regiment has taken part in many very serious accidents which have occurred in the republic, and have provided notable services. The regiment has everything necessary for rescue and restoration work.

Unmilitarized units of civil defense are organized by local machine operators and other specialists directly from the civil defense headquarters from rayons and institutions.

But I should explain that this work has not been well organized in rayons situated on the front lines. Thus, during urgent accident and rescue work in areas where there is much destruction, the army and police are also mobilized. There is no need to mention the great demand for these forces on the front. This is the result of the apathetic attitudes of local executive governments who are completely responsible for civil defense to do this work.

[Memmedov] You mentioned earlier that control over the execution has also been assigned to you.

[Babayev] Yes. There is no permanent representation of the republic Civil Defense Headquarters in the rayons. As for the temporary assignments of our specialists and officers to the rayons, this is not giving the necessary results.

[Memmedov] What about local civil defense headquarters?

[Babayev] They are under local organizations and all problems pertaining to civil defense must be solved directly on the basis of directives from the leaders of these organizations. Our goal is to strengthen supervision over their activities. Thus, we decided to establish inter-rayon regional (precinct) administrations of republic Civil Defense Headquarters in ten areas. Three to five officers and an adequate staff of private specialists will serve in each of these. It is only natural that under the present economic conditions in the republic, additional expense cannot be permitted; the regional administrations are only being established within our own internal possibilities.

[Memmedov] When will the regional administrations begin to operate and of what will their activity consist?

[Babayev] One can say that the basic preparatory work has been finished. Now we are engaged in staffing them. Soon regional administrations will begin to function in the Genje, Jebrayl and Aghdam regions. Shortly, we will also have completed work in the remaining regions.

[Memmedov] More than a month and a half have passed since the new Statutes were passed, and now how would you explain the inactivity of the local civil defense organs?

[Babayev] If we were to say that there had been no action, this would not be true. But, in most places no turning point is being felt. Civil defense measures which have been planned by republic organs are not being implemented in an organized manner; it has been disconnected to the extent that the work done cannot come to the surface. In other words, the rayon civil defense organs have still been able to take the situation into their own hands in providing leadership to a sector. This is most apparent in border rayons.

Unfortunately, despite its having existed for more than 30 years, one can say that there is still no clear description of its area of service of civil defense nor of its

mechanism of implementing defense measures. This can be explained by the fact that civil defense propaganda has been poorly organized among the population.

Certainly, no one favors creating chaos or excitement about defense measures. No information is communicated in such talks. But to prefer silence is also a crime because excitement and uneasiness occur when people do not have the correct information about a situation which has come about or they do not know the principles of defense.

Such a false idea is created that the republic Civil Defense Headquarters have to be directly engaged in not only implementing civil defense measures but, in exceptional cases, defending the population and guaranteeing economic activity. The Statutes have put an end to such false conceptions. It states in Article 5 that the duties of civil defense will be fulfilled by the state government and administrative organs of the republic, unions and organizations, including institutions of all forms of ownership as well as responsible persons and citizens.

[Memmedov] At a time when the republic faces serious economic difficulties, how is financing this sector organized?

[Babayev] This is considered in the Statutes. Civil defense expenses are met basically through the internal possibilities of ministries, state committees, chief administrations and other administrations and organizations, no matter what their form of ownership.

[Memmedov] What are your relations with the International Civil Defense Organization?

[Babayev] We have established relations with the ICDO. We have translated its statutes and other major documents into Azeri. The participation of our delegation as observers in the ICDO has been resolved in principle with the help of the republic leadership. In the future, we are ready to cooperate in civil defense with neighboring states on the basis of mutual agreement.

Use Of Azeri In Military Education Promoted

93US0140B Baku AZERBAIJAN MUELLIMI in Azeri
23 Sep 92 p 3

[Article by Colonel (ret.) Teymur Hajyyev: "We Must Pay More Attention To Military Preparation"]

[Text] An army is one of the important attributes of an independent state. Despite the fact that our republic has been on the road to independence for only two years and despite that fact that our parliament only passed the decree last year, our national army is now in the process of being formed. The rather late establishment of the army in our republic, on whose soil a war has been going on for more than four years and which has been exposed to aggression by Armenian bandits, is tied to definite subjective and objective reasons. We are far from the idea to study these. But as a soldier I also join with those

who defend the idea that years and a great deal of money are needed in order to establish an army with modern equipment and skilled personnel.

As in every sector, one has to begin in this work with the alphabet, in other words, with the military training of youth. We would explain that the military training of youth called into the army is extremely low. Whether our soldiers were drafted into the army after finishing secondary school or they had had two years of military service in the Armed Forces of the former USSR, many of them have not mastered the elementary rules of combat, weapons handling or the demands of the military code. This flaw, which is not apparent during peacetime, reveals itself on the front and on the barricades. The first reason for this is the unsuccessful teaching of elementary military training in the higher grades of our general education secondary schools. Until recently an attitude of indifference was shown in the selection and placement of the military leaders who were teaching this subject. Often, those bearing minor military rank, lacking specialized and pedagogical training, were simply taken out of the army and placed into this work. The fact that there was not a national program, textbooks, methodological aids, maps and charts, the fact that the necessary material basis (for artillery practice, etc.) was not created, the shortage of teaching firearms, the conducting of the instruction in Russian and other conditions, created the grounds for the poor teaching of this course in our schools.

The second reason is connected with the colonialistic policy furthered by Russian imperialism for more than half a century. It is known that at the beginning of the last century the Russian empire, which had annexed a part of Azerbaijan's territory, did not trust the Turks living on this land, did not call them into the army and did not put guns in their hands. Our misfortune was that there were those among our intellectuals and national leaders who considered this distrust a concession to the Turks of Azerbaijan. As a result of this "concession" the youth of Azerbaijan were deprived of the possibilities to be educated in military schools and serve in the Tsarist army. The desire of some of our talented youth, who were able to represent Azerbaijan in world military arts, remained in their hearts.

The empire, which changed its uniform and disguised its appearance in the 1920s, made a unique "correction" in its policy of the nationality minorities' participation in its military organization. Now Azerbaijanis, like those living in other Turkic republics, were drafted into the army. But they were often sent to second-rate, auxiliary military units. By this rule, for more than 70 years a very small part of our youth served in fighting units of the Soviet Armed Forces and were not familiarized with military equipment; as for the majority, they did their military service in construction, repair, protection and fire units.

The situation was quite similar in admittance to military academies and higher schools. In answer to the few

protests heard from the republics about such an attitude, it was claimed that they do not know Russian. In general, our leaders expressed not one protest about this situation. Military commissars of the Azerbaijan Republic participated in meetings devoted to questions of the preparation of youth and conscription into the ranks of the Soviet army twice a year by the USSR Ministry of Defense. At these meetings questions of conscripting Azerbaijan's youth into the ranks of the Soviet army were planned and resolved. But our military commissars did not once raise a voice of protest against our youth not being sent to fighting units or to important military schools.

All this impedes staffing our national army with skilled soldiers and an officer corps today. I want to make some recommendations as an experienced officer on a way out of the situation and for improving the work of training military cadres in the future:

—first, the responsibility of the committee of leaders responsible for preparing youth to serve in the Azerbaijan Armed Forces must be increased. For this:

a) instruction must be in Azeri;

b) a new national program on elementary military preparation must be put together and textbooks must be written;

c) the publication of placards, displays, teaching charts and other items must be put in order;

—we have to create departments for preparation for pre-draft age youth and Civil Defense, and staff them with experienced retired officers.

—we must rebuild the military-patriotic work of youth, and give precedence to educating them about the integrity of our territory, the sacred nature of defending it on the basis of examples drawn from our heroic fighting traditions and heroes of the people.

It is to be appreciated that by order of the republic Minister of Education it has been planned to introduce a civil defense curriculum in the general education schools. This course must be taught by class leaders. But, we must state frankly, the class leaders are not ready for this. It would be good if short-term courses could be arranged in specialized institutes, and class leaders be trained in teaching this course.

One cannot conceive of elementary military training or army life without military regulations. In the transition period, the regulations and manuals of the former Soviet Armed Forces can be used. But in the future all military regulations must be rewritten in the mother tongue and our national characteristics be taken into consideration.

It is necessary to use widely the experience of the former Soviet, now the Russian, army which was and is one of the most powerful armies in the world in military training and instruction. It would be useful if the military handbooks on the structure and usage of artillery

weapons were translated and published in a large circulation, and the relevant placards and models were used.

In my opinion, the two higher military schools in Baku are sufficient to supply our army with highly specialized cadres for our army which is organized with the goal of defense. It would also be to the point to open an aviation faculty in the High General Forces Command School to meet the demand for fliers. As for the training of other cadres, as well as highly specialized soldiers, one can implement this in the military academies of Russia on the basis of a contract as well as in Turkey.

Making youth accustomed to the internal military discipline demanded by the army must be one of the basic duties—from the elementary military preparation taught in the secondary schools to the higher military schools.

We hope that the shortcomings and inadequacies in the system of elementary military preparation and the training of military cadres will be quickly eliminated and that our native Azerbaijan will possess an army which will be able to fulfil its duty with great professionalism in the near future.

GEORGIA

Current Political, Economic Scene Reviewed

93US0145A St Petersburg CHAS PIK in Russian No 42, 19 Oct; No 43, 26 Oct; No 45, 11 Nov 92

[Article by Dmitriy Travin: "Western Strokes Against an Eastern Background"]

[No 42, 19 Oct pp 2-3]

[Text]

I. Politics: Batoni Eduard and the 40 Parties

President Gamsakhurdia was overthrown as the result of a military coup in the winter. Since then, there has not been a legitimate government in Georgia. The reins of government have been held by the State Council, which was not elected by anyone. Leaders of the influential political forces and some representatives of the intelligentsia were invited to take part in it. The State Council has been headed by a presidium consisting of the chairman, Eduard Shevardnadze, and three of his deputies—Tengiz Sigua (prime minister), Tengiz Kitovani (minister of defense), and Dzhaba Ioseliani (head of the military organization "Mkhedrioni").

Parliamentary elections were held on 11 October. Citizens were to elect a political party or bloc from a list of nearly 40 names. The chairman of the parliament was elected by a national vote (unique in world practice). The only candidate for this was Shevardnadze.

With the Wide Range of Choice There Is No Alternative

The situation in which a single candidate is advanced is very familiar to us. In Georgia, everything was done to ensure that Shevardnadze won. For example, under established procedure, no less than one-third of the number taking part in the elections should have voted for the chairman of parliament. In other words, if just three persons had come to the elections, one of whom voted "for" (Shevardnadze himself), the chairman of parliament would have been elected anyway.

All the press was filled with materials agitating for Shevardnadze in the last week before the election. They included publication of his wordy speech to the voters, materials from his press conferences, and even a letter from American Jews of Georgian extraction wishing success to "Batoni Eduard" (Who are these Jews? How many are there? There were no signatures or addresses in the letter). Statements such as these are encountered: "Recognition of the Republic of Georgia by the world community and its entry into the United Nations is a great service performed for the Georgian people by the State Council of the Republic of Georgia and Mr. Eduard Shevardnadze personally."

A cult of personality? Unquestionably. All the same, I would not be in a hurry to make negative assessments. Georgia is not Russia, and, especially, it is not the United States. If we understand today that our own cults have been the outcome not so much of evil intent as characteristics of the mentality of the people themselves, then we should really understand how cautiously we have to regard events taking place in the small southern republic, which has a distinctive 1,000-year history. There is no point of imposing on the country what does not correspond to the consciousness of its people. If the people are looking for a leader and want to put their trust in him, a leader will appear. To be convinced that this is not up-to-date means speaking with the people in different languages. But conversations with many persons and the long lines at the polls convinced me that most Georgians wanted to vote for Shevardnadze. Just try to put a Russian in such a line today! He will simply give up and leave.

The people voted just as sincerely for Gamsakhurdia at one time, by the way. Then they became disappointed in their leader, but their need to have a leader remained. The position was vacant for some time. For an astute politician like Shevardnadze, several months were needed to prove that he was worthy of leading the people. His past in officialdom was troubling to a certain extent. But the tsars are never reproached for having a peasant's back flogged, you know. A boyar is always at fault.

Shevardnadze would not have been as successful if it were not for his international prestige. We don't care about "Gorby's" foreign prestige. Russia gives birth to a lot of its own Platos, you know. But for little Georgia, each poet, artist, or politician of this level is a source of

national pride. Especially at a time when you cannot boast about a prosperous life or military successes. The words of writer **Chabua Amiredzhibi**, spoken to my colleague from **ROSSIYSKIYE VESTI**, are very noteworthy in this respect. The writer noted that Georgia has given the world four great people—Stalin, Ordzhonikidze, Beriya, and Shevardnadze. He explained "greatness" this way: "Beriya was a butcher, a villain... But what a butcher!"

Tengiz Sigua explained the Shevardnadze phenomenon to me calmly and without emotion: "Shevardnadze has changed a great deal over the past 5 or 6 years. He is showing that he can conduct democratic reforms. Even before his arrival we freed the press and gave autonomy to the VUZ's [higher educational institutions]. Shevardnadze supported our ideas, just as he supported the idea of democratic elections. We do not believe that Shevardnadze was Gorbachev's man, although he was among his supporters. After all, Gorbachev was not essentially a democrat. Why didn't he appear in the Constitutional Court? Shevardnadze would not have done this. If such a court were to exist in Tbilisi, he would appear without fail."

We may or may not understand Sigua's logic or Amiredzhibi's emotion, but we must take into consideration that they have their place.

A Military Dictatorship, a Parliamentary Republic, or an Authoritarian Government?

Despite his high rating, Shevardnadze is only acquiring the position of speaker, not president. Sigua explained this to me in the following way: "At the present stage, when economic and political reforms have not been implemented, it is dangerous to entrust such power to one person. No matter how loyal a person is to the democrats, he may turn to dictatorship when he acquires such power. It was decided that Georgia would be a parliamentary republic for the present, and later, when the democratic reforms reach a certain stage (roughly 5 to 7 years), the question of restoring presidential government will come up."

The effort to limit Shevardnadze's authority is not being concealed. But the question arises whether the motive for this restriction was the one cited by the premier, or just the opposite: the people who carried out the military coup want to use Shevardnadze's authority to legitimize their authority.

We can assume that Shevardnadze sat in Moscow for a long time, lost touch with activity in Georgia, and reevaluated his authority. After returning to Tbilisi at the invitation of Sigua, Kitovani, and Ioseliani, he found himself under their control. All decisions practically depend on the Kitovani-Sigua tandem which took shape during the struggle against Gamsakhurdia, where the former controls the armed forces and the latter administers the country without seeking any reforms in the process. Shevardnadze's authority is insufficient to appeal directly to the people and throw off the tutelage.

For this reason, he is forced to implement what is required of him. First of all, to attract sympathy for the illegitimate State Council. Secondly, to conduct foreign policy, which he is skilled in. In exchange for the loss of real power he receives all its superficial attributes, which may console the man, who is no longer young, and enable him to keep his self-respect.

With such a development of events, Georgia can expect instability, discord in the leadership, and possible clashes between the National Guard and the "Mkhedrioni" in the struggle for power. The reforms will remain only on paper.

The scenario described is theoretically possible, but unlikely. Sigua has enough close contacts with the democratic public. He ran for office as an independent candidate, but he told me that he sympathizes with the "11 October" and "Ertoba" blocs. For this reason, he is more likely to use his closeness to Kitovani to keep the military from independent political actions than to "push through" a dictatorship. However, the parliamentary republic proposed by Sigua is unlikely to be formed, either.

Restraining the military will be simpler than restraining Shevardnadze, who, under the cover of the modest position of speaker, is beginning to consolidate his power. It is possible that in Moscow, he consciously outstayed the wave of opposition to everything old which Gamsakhurdia had brought to the surface. Then he would be unable to compete in the struggle for power, since the people's need for a leader had been met. But there came a moment of insight, and Shevardnadze appeared for the people. A balance of forces took shape: weapons on one side and authority on the other side. Both sides are struggling to openly oppose each other.

Shevardnadze is gaining strength gradually. First he is acquiring legitimacy, even if holding only the position of speaker, not president. Then he suggests (in a speech to voters) the establishment of "a mechanism to which parliament will delegate law enforcement, control, and organizational functions... This should be formed like a new type of State Council, under the leadership of the chairman of parliament, consisting of 10 to 15 persons." This number of persons obviously reduces the role of the current members of the State Council Presidium.

The defeats of Georgian troops have led to demands to organize a professional army. The establishment of a unified command and removal of the units that are not fit for combat and prefer to rob from the people (with the knowledge of command elements) will reduce the role of personal devotion to a commander in the army and increase loyalty to the legal authorities. Shevardnadze can also rely on the troops subordinate to Minister of Internal Affairs Roman Gventsadze. He is an experienced militiaman who has no political ambitions. It should also be remembered that Shevardnadze himself

once held the position now held by Gventsadze, and he may have support in the internal affairs organs for that reason.

Shevardnadze's gradual consolidation will force his current comrades-in-arms to be satisfied with secondary roles and will predetermine the country's development in accordance with an authoritarian model.

The Georgian Multiparty System

I asked one of the leaders of the democratic centrist forces, vice premier **Roman Gotsiridze**, to tell me about the range of political forces in Georgia taking part in the elections. "The 'Democratic Center' Alliance," he noted, "took shape during the struggle against Gamsakhurdia. It is made up of deputies from the old parliament as well as the leaders of parties which were not represented in it. Today it includes eight parties. In the elections, we spoke as a triad: the '11 October' bloc, which includes the KhDS [expansion unknown], the National Front, the organization 'Democratic Choice for Georgia,' and the Republicans; the 'Ertoba' ('Unity') bloc, which includes the Liberal-Democratic National Party and the Afghan-Servicemen's Party; and the Greens Party.

"The 'Mshvidoba' ('Peace') voting bloc was formed recently. This is more like a pre-election association of a number of groupings without a unified foundation than a political party. This bloc actually includes representatives of the old party hierarchy and the so-called 'court' intelligentsia. There are very worthy persons there, but they cannot exist without being close to the power structures. They did not collaborate with Gamsakhurdia. But many did not only because he did not call upon them.

"In the elections, the 'Mshvidoba' put the elite of the intelligentsia in the top positions in the party lists, hoping to attract votes in this way. But it did not get as many as it wanted. Now the party hierarchy, strictly speaking, will be represented in parliament to a lesser extent. It may be said that the intellectual forces (even if they are of different orientations) were victorious in the elections.

"The 'Mshvidoba' bloc is called pink here. Its members speak of the need for the market, but essentially adhere to the socialist orientation, stressing the dominant role of the state in the economy. They advocate the appointment of directors and the retention of ministries.

"I would not want to place emphasis solely on this bloc. It should be noted that there are other centrist forces whose views are close to ours: the Ilya Chavchavadze Society and Charter-91. There are a number of right-wing organizations which are distinguished by their strict positions on a number of questions (including the nationality question)."

What Gotsiridze said is supplemented by Sigua: "When the election campaign began, Shevardnadze gave his consent for the 'Mshvidoba' bloc to be in his ranks. But

later on he changed his decision, inasmuch as he could become the locomotive for this bloc and thereby give it the advantage. But evidently his sympathies for this bloc continued, although he does not say this openly."

The "Mshvidoba" bloc makes use of Shevardnadze's name for their objectives. The press helps this at times. For example, SVOBODNAYA GRUZIYA placed an advertisement for the bloc in the middle of the text of a Shevardnadze speech and accompanied it with a quotation in large letters.

In Georgia, it is felt that the people are trying to vote not so much for a program as for the persons on a party list. Indeed, even the parties themselves are based not on a program, but a leader. The distinctions between the democrats and those in the party hierarchy which Gotsiridze mentioned are not made by many persons. Hence the numerous diminutive parties.

But against this background a general division is apparent between the "new" and the "old" people, who will not get along with each other. The intelligentsia votes for the "11 October" and the "Ertoba" blocs, but the provinces prefer the "Mshvidoba."

The coming months will be a period of delicate maneuvers. If Shevardnadze can, by relying on the "Mshvidoba," emerge from the close tutelage of those who advocate a parliamentary republic, and if he can drive back the opponents of economic reform with the support of the "11 October" bloc, then Georgia will have a chance for a breakthrough. The outcome most likely in all other cases is that it will mark time.

[No 43, 26 Oct p 3]

[Text]

II. The War: We Do Not Want an Inch of Someone Else's Land, But We will Not Give Up an Inch of Ours, Either

One does not immediately get the feeling that Tbilisi is the capital of a state at war. During the day, the city lives a normal life; people are working, strolling, and eating ice cream. There is no curfew. But after looking and listening closely, you begin to notice something unusual.

A young man is sitting in a cafe with two girls. They are drinking coffee and eating ice cream. But at the next table there is a fellow with an automatic weapon. He is a "Mkhedrioni" fighter. Attempts to disarm the armed group have not been successful yet, and for this reason you can encounter a person with a "Kalashnikov" on the street at any time. Who knows how he will conduct himself?

It cannot be said that people are afraid to come out into the street. But when I was visiting my colleague, his brother-in-law drove me away at 7 o'clock in the evening (who among us leaves so early?) It is dangerous to travel any later. A person with a "Kalashnikov" can stop the vehicle, push out the driver, and hide.

The building occupied by the State Council and the government is guarded by armed MVD [Ministry of Internal Affairs] employees. When you go inside, they upset your bag from top to bottom, looking for a weapon. Shevardnadze himself is being guarded carefully. It is impossible to stand next to him and put your hand in your pocket: they will pull it out right here.

When you look at the high-rise building for the "Iberiya" Hotel in the center of Tbilisi, you notice something is unusual. Are all the balconies draped with linen that has been washed? But refugees from Sukhumi, not tourists, are living in the "Iberiya."

During the night, roughly after 0100 hours, shots begin to be heard in the street. They say that these are not bandits, just people having a good time. But I did not want to verify this...

The Land of Anxiety Is Ours

"The situation in the country is gradually being normalized," Minister of Internal Affairs Roman Gventsadze told me. "We have cut off Tbilisi on all sides and stationed 13 pickets along the roads leading to the city. There are also detachments of police to control the situation inside. No armed group can get into the city. As for the isolated shots you may hear during the night, our people shoot into the air when some vehicle does not stop at their command. But we now forbid such shooting."

The situation is worse in Abkhazia. It will be a long time before things are normalized there. The Georgians are unanimous about the war. By speaking to a dozen people you can come to the conclusion that they have received the very same directions, because everything you hear is so similar.

Information was received on mass killings of Georgians in Gagra. They speak of more than 800 bodies that were pushed into a heap by bulldozers and cremated. The report was official, transmitted by L. Dolidze, a state adviser to the State Council. But the only proof is the testimony of eyewitnesses. Film, photographs, or documents are not being provided.

I was not even able to determine the attitudes of pacifist elements. By European standards, a society's level of culture presupposes not only hatred of an enemy, but understanding of his actions as well. But practically no person I talked with recognized any legitimacy for the enemy: Abkhazia should be Georgian, both from a historical and a legal point of view. In their words, it is Georgia, not Abkhazia, Ossetia, or some "Adygeya-mudageya," as writer Chabua Amiredzhibi put it, that has the culture.

There is no doubt about the 1,000-year-old culture of Georgia, just as there are no doubts about the crudeness of the talented writer. But Georgia is not Europe. Georgian culture is extremely emotional. The grudge because

of an enemy's treachery means a great deal to a Georgian, for example. This is how Vice Premier Aleksandr Kavsadze commented on intensification of the conflict in Abkhazia in early October:

"The activity of the commission which conducted the talks on a peaceful settlement of the conflict was used as a cover. Each time there was a meeting, attacks were begun by the Abkhazian side and movements by enemy troops were begun."

"The assault on Gagra began during a commission meeting. First the Abkhazian side said the Georgians were engaged in combat near Gagra and Ochamchira. General Karkarashvili (commanding the State Council's troops—D.T.) denied this. Then we gave instructions to verify the Abkhazians' statement. It turned out that the Georgian side was not attacking. But in 2 hours a report was received of an enemy attack. Ardzinba assured us that the attack had been stopped. They persuaded me to sign a protocol on a ceasefire and restoration of the status quo. But in the morning the enemy began combat operations again.

"This is not the only time they deceived us. Before the conflict was intensified again, the State Council had on the order of 1,000 to 1,500 fighters there. We pulled out the overwhelming majority of troops, leaving about 200 persons. And the enemy attacked us at that moment."

I heard the story about the enemy's treachery and particular brutality from many persons in Georgia. The women speak of the war with tears in their eyes. Minister of Defense Tengiz Kitovani even drew this conclusion: "Since the beginning of time, the word 'honor' has meant a great deal to a Georgian. Unfortunately, we are fighting people for whom this concept evidently does not exist."

It is very hard to count on a quick reconciliation of the sides in a situation in which emotions such as this predominate. It is most likely that further development of the conflict will be determined by an irrational factor. Purely European conclusions about the senselessness of the conflict and the need to look for a mutually acceptable compromise solution will have a minimal amount of influence on the opposing sides.

It is hard to predict how the combat operations will end and when this will take place. The combat readiness of the Georgian units is considered to be generally low. It is no secret that the "Mkhedrioni" detachments, for example, were formed to a large extent from criminals and provincials who give in easily to criminal actions. Neither is it any secret that during the period of the Georgian attack in Abkhazia they took part in pillaging and looting. Though brutality toward the Abkhazians was not permitted, according to the Georgian side. All Georgia knows the life story of the "Mkhedrioni" leader, Professor Ioseliani. He is a former criminal himself, and spent a considerable number of years behind bars.

But combat experience is acquired quickly. I was told about how 30 "Mkhedrioni" fighters, during the assault

on Gagra, defended themselves until their last cartridge, then fled to the mountains, not surrendering to the enemy. Perhaps this is a legend, but legends are also inspiring, you know.

There are also few experienced soldiers on the opposing side. The volunteers from Southern Ossetia, who have already gone through the bloody school of battle for their land, are an exception. The successful attack on Gagra is associated mainly with Russian support of the Abkhazian side. A great deal will depend on Russia's position.

Some Tsar Presented Russia With Our People In Some Year...

Resentment is often felt with respect to Russia's actions (or inaction). A. Kavsadze made an interesting statement: "Do you think the Abkhazians are fighting there? No, they are in the minority. We are mainly opposed by peoples from the North Caucasus and mercenaries from various cities in Russia."

Resentment is entirely natural, inasmuch as the attitude toward Russia in Georgia differs substantially from the relationships we know so well in the Baltic countries. Instead of demands that troops be removed, there are attempts to interest Russian servicemen in switching over to service in Georgia. The country is conducting a war, and it clearly lacks experience. Russian PVO [air defense] troops are especially valuable. They are very much afraid of a possible raid by Chechen aircraft in Tbilisi. If the Georgian capital is left without cover, it may be simply destroyed.

It is hard to give an answer when a Georgian asks why Russia does not control its southern borders and does not stop mercenaries from entering the territory of another state, such as Georgia. It may be said that Moscow really cannot control the North Caucasus republics, that the official authority in these republics is dragging out a miserable existence, that the influence of the Confederation of Mountain Peoples of the Caucasus (KGNK) continues to increase, and that destabilization of the situation in the Abkhazian region is not being stimulated by the Russian Government. This is the logic, and it is far from always irreproachable (for example, the well-known statement by the Supreme Soviet about the situation in Abkhazia is direct interference in Georgia's internal affairs). But emotions predominate. There is the feeling that Russia, which once saved Georgia from foreign enslavement, which was close to it faith for many centuries, and which educated more than one generation of the Georgian intelligentsia, has betrayed its friend today. It may be said that the arms which are getting to the Abkhazians, the Chechens, and the mercenaries are not being sent deliberately by Russia, and that everything can easily be purchased from generals and even lieutenants. However, this does not have an effect, either.

In response we hear that Russia will lose a great deal if it does not take the North Caucasus in hand. Muslims are

very dangerous people, and they are cruel and treacherous. They seek to establish a belt surrounding Russia from the south. It extends from Central Asia to Tatarstan, and from there to the North Caucasus, where an independent Mountain Republic, rich with Chechen oil, is just about to be formed. It will have an outlet to the sea across the territory of Abkhazia, which will enable it to export oil to the West freely, to acquire petrodollars, and to increase its supply of the latest weapons with this income. The current war is being conducted for the sake of this, by the way, and its initiators are not very worried about the Abkhazians' rights. An outlet to the sea, on one hand, will make it possible to increase Muslim influence in the Crimea, where the Tatars want to return, and on the other hand, it will increase contact with Turkey, which is the strongest Muslim power.

It is doubtful that the theory of a global Muslim conspiracy is true. History shows that internal conflicts, even between peoples which are close in faith, are quite intense. But the idea of establishing a "petroleum paradise" in the North Caucasus (following the Arab countries' example) will probably be very attractive. It cannot be ruled out that advocates of this idea will deliberately encourage expansion of the conflict. We may wonder for an even longer time why the war does not cease unless we realize that the Eastern peoples are fighting with their own specific ideas, their own special perception of the world, and their own distinctive idea of "what is good and what is bad."

[No 45, 11 Nov p 4]

[Text]

III. The Economy: It Draws them to Europe, But Their Problems Do Not Permit Them

Aircraft do not fly to Tbilisi—there is no fuel. There are commercial flights at 12,000 [rubles], but a special charter from Moscow to Tbilisi was organized for the journalists planning to report on the election. However, aside from journalists, so many persons were jammed into the aircraft that it resembled a small bus traveling between two mountain settlements. People were standing shoulder to shoulder in the aisle and were packed into the baggage compartment. They were smoked out for about 2 hours. The "stowaways" sitting in the toilet resisted longer than anyone, shouting: "Well, let us take a leak." They were not allowed to "take a leak," and the aircraft took off for the Caucasus, all the same.

"Where There Was a Table There Was a Feast..."

It is hard to buy wine in Tbilisi. I would never have believed this if I had not seen the empty shelves with my own eyes. My Georgian colleague, with whom I was staying, was bitter: "It is embarrassing for me to see a Georgian home without wine... I am sorry, my friend, there will be vodka and cognac." We managed to find wine afterward, but with great difficulty.

The wine problem is not the most important one. The counters in food stores look roughly like ours did last December. Only what is being sold at really free prices, without subsidies, can be purchased easily. I saw some butter and semismoked sausage.

Bread is the main problem. When it is brought in, a long line forms at the store. But the price is about half of what we pay. I do not know if anyone is satisfied with such an opportunity for savings. I personally was not very annoyed when I returned to Tbilisi and found that the prices had risen once again in these 10 days. It is worse when food cannot be bought, even with money.

At my request, **Georgian Vice Premier (Paata) Koguashvili**, commented on the food situation for CHAS PIK: "After the well-known Supreme Soviet decree, Russia cut off all the deliveries of grain and flour for us. We paid for the commodity and it was shipped, but the railcars were directed to Nizhniy Novgorod, not Georgia, from the Rostov junction. Russia canceled its agreements. Deliveries of flour from Ukraine were sharply reduced. But I am afraid that Russia will not even let through those 5,000 metric tons that are being shipped to us.

"We are looking for alternative means of obtaining grain. We have much hope for credit from the European Community (70 million ECU [European Currency Units]). China is offering to barter for potassium nitrate.

"The main problem is that we accommodated our agricultural production to the needs of the USSR over the past decades; we curtailed our production of grain and began specializing in tea, grapes, subtropical crops, and tobacco. But now our opportunities for commodity exchange are being eliminated artificially.

"Our wholesale prices for food are free. But in retail trade, the state seeks to maintain lower prices and make an additional payment to the producer for this reason."

The fuel situation is no better. Gasoline may be bought freely only at 60 rubles [R]. Not only airline flights, but a number of trips by ground transport as well, have been eliminated. Tbilisi has few buses or automobiles. The people are using the metro more and more. The crush to which we have become accustomed in the St. Petersburg Metro is not so terrible when compared with the crush in the Tbilisi Metro.

Prime Minister Tengiz Sigua told me: "The only thing that is saving the situation in the country is the fact that natural gas is being delivered in sufficient amounts from Turkmenia. Thanks to this, operation of the heat and power stations is being maintained (10 days after our conversation, a gas pipeline was blown up in Northern Ossetia—D.T.). The abundance of water this summer has made it possible to continue operation of the hydroelectric power stations. Today we are providing hot water to apartments 3 days per week (hot water was not provided at all last winter) and we hope to continue the supply from now on. So there is no danger of not surviving the winter cold in Georgia.

"Industry is operating with interruptions. The first quarter of this year it was not operating at all because of the energy shortage, but since April the situation has been normalized. Though difficulties have arisen again today because of the serious disruptions in the deliveries of raw material. The war has practically suspended work at the Adler railroad junction."

It is hard to speak about economic reform when the country is in such condition. The war, the economic blockade, and the lack of opportunity for normal sales of agricultural products are distorting the effect of objective economic laws to the extent that any levers to stimulate production will not work properly. For example, free prices should provide incentive for a producer to increase the volume of production and the quality of production. But light industry has nothing to make its products with and agriculture has nowhere to get them. The opportunity to earn a lot should provide a person with incentive to work. But he quits work and signs up for the people's volunteers in Abkhazia: the defense of his land is more important than his earnings. Free enterprise makes the businessman interested in new enterprises. But the spread of gangsterism is forcing him to lose income.

It Is a Poor Georgian Who Does Not Want to Become Portuguese

The reform has begun, nevertheless. As soon as the Gamsakhurdia regime was overthrown, the distribution of land to the peasants was begun. Today over 60 percent of the land is privately owned. Labor productivity on these farms has increased by 1.5 to two times as much. The peasant has been given motivation. But agriculture is only a part of the economy. The reform's success will depend on a combination of measures, and they will depend in turn on the composition of the new government.

T. Sigua, who is the most likely contender to head the cabinet of ministers and with a new government, told me that he would like to see a government of specialists in Georgia which combines the knowledge of theoretical economists and practical business managers. Roughly the same situation has taken shape in Russia today, he said.

Both wings have been represented in the old government. The business managers by Vice Premier Otar Kvilitaya, and the economists by Vice Premier Roman Gotsiridze. Their relationships with each other are far from ideal: they see the future of Georgia's economy very differently. It is hard to see how Sigua intends to combine experience and knowledge.

Gotsiridze is young. He was teaching industrial economy in the University of Tbilisi quite recently. He found himself in the opposition to the Gamsakhurdia regime and after it was overthrown he received the position of vice premier. He managed to put his people in the government in the posts of minister of labor and

chairman of the Goskomimushchestvo [State Commission on Property]. However, Gotsiridze believes the proportion of reformers must be increased in the new government.

A key question in the reform is whether Georgia will remain in the ruble zone. If it does, it will have to follow the reform policy of the Russian cabinet. If it does not, it will be able to conduct its own independent policy. Gotsiridze views the solution of this question very pragmatically.

"We will be in the ruble zone as long as it benefits us," he said. "We will not be forcing the introduction of our own currency, although we have everything ready for this. The advantage of remaining in the ruble zone depends on two things: the shortage of cash and the credit policy.

"The Central Bank of Russia cannot determine the quota for a credit emission today. We are actually following common sense in this regard, realizing that an excess emission leads to an increase in prices. But if we want to switch to our own currency, we will do this in a civilized manner: we will warn the Central Bank of Russia over several months."

Georgia's leaders view the prospects for the country's economy with optimism. For example, Sigua believes that in 5 to 7 years, the country can be brought up to the level of a European state with average development, such as Portugal. "Georgia can become a new transport artery for supplying Europe with petroleum products," he said. "The least expensive route for transporting oil from

Azerbaijan and Kazakhstan is through Georgia's ports. Georgia can become the link between Europe and the Middle East as well. Finally, Georgia has considerable prospects in the area of tourism and agriculture."

Realization of these opportunities will depend not only on natural factors. I have the impression that Georgia is finding itself in approximately the same stage of awareness of the problems of a market economy that we were in under Gorbachev. Except for individual professionals (such as Gotsiridze), the people are not aware of the need for strict measures. For example, they do not have the very important argument which we have today between the supporters of financial stabilization and production stimulation by infusions of money. Such "trivial details" are overshadowed by the war.

It is most likely that a new Sigua government, just as the Russian government of Silayev at one time, will combine business managers of the Skokov type and reformers of the Yavlinskiy type. The struggle between these two wings still lies ahead. The result of the struggle will depend on the alignment of forces in the parliament. But both the democratic "11 October" and "Ertoba" blocs and "Mshvidoba," the party official force, are represented there. It has not been ruled out that the outcome of the struggle will be determined by the position of the leader—Eduard Shevardnadze, and his capability of establishing an authoritarian mechanism of authority oriented toward reforms.

The East is the East...

ESTONIA

Production Decline Seen Lasting Into 1993

93UN02276C Stockholm SVENSKA DAGBLADET
in Swedish 19 Oct 92 p 16

[Article by Hakan Forsberg: "Estonians Learn About the Market the Hard Way"]

[Text] "People are not buying as much as before, so we must be more selective," says Raul Dubas while inspecting a pocket watch through his magnifier.

"During the ruble period we took everything—and everything sold. Now, the goods stay here much longer."

"Three hundred," says Dubas to the old lady with the pocket watch. But it is difficult to sell watches now.

Three hundred Estonian kroons—150 Swedish kronor. This is just as much, or rather as little, as the lowest monthly wages in Estonia. And the minimum pension is 260 kroons, the country's own, eagerly awaited currency, which was introduced in mid-summer.

Raul Dubas runs a "komisiya," a consignment store, in Old Town in Tallinn, specializing in antiques and jewelry. Here come many who have to sell old possessions to be able to afford to live and eat—and there are increasingly more of them in these tough times.

Straitjacket on the Country

To be sure, there are considerably more and better goods in the stores than before the currency reform. And they can be bought for Estonian kroons everywhere, not just in special hard-currency stores. But most of it is extremely expensive for the Estonians, who have now had to learn about market economy the hard way—and how much it costs to adapt to the global economy. And it will get worse.

The International Monetary Fund (IMF) has placed a straitjacket on Estonia. In mid-August Prime Minister Tiit Vahi signed the agreement with the IMF, in which he promised to let prices float, cut back on state subsidies, let unprofitable companies fail, privatize state-owned companies, balance the national budget, put a ceiling on wage increases and conduct a rigid interest rate and credit policy in order to reduce inflation.

These are the conditions for Estonia in order to receive a loan of 40 million dollars from the IMF and another 30 million dollars from the World Bank—money which is needed in order to modernize the country. And these are conditions to which the new Estonian Government, no matter what it will look like, must also conform. That is why there are people in Estonia who speak of the IMF as "the new Kremlin."

'Normal Measures'

But that is not how Kalev Kukk sees the matter. He is a macroeconomist with Eesti Pank, the Estonian central bank:

"These are normal measures in an economy which must be stabilized. Not spend too much, put a ceiling on the budget deficit, not raise wages more than what there is room for, and so on."

No, the possibilities of choice are really not many when it comes to economic policy. The economy also was not a big issue before the elections on 20 September. The debate revolved mostly around who was the best Estonian. Furthermore, all parties knew that none of them could promise the voters better times.

"There is talk about an economic crisis in Sweden, but compared to Estonia—and all the Baltic states, for that matter—it is absolutely idyllic," says Rudolf Jalakas, a native Estonian and former head economist with Svenska Handelsbanken.

'Gross Exaggeration'

He is one of the three sworn men who prepared the currency reform in June. Prime Minister Tiit Vahi and Central Bank chief Siim Kallas were the other two.

Industrial production in Estonia has fallen by 40 percent since last year. But according to Jalakas this is gross exaggeration, since official statistics cover only the state sector. If you also take the private sector into account, where production on the contrary is increasing, the drop is not quite as large: 20-25 percent, in Jalakas's opinion.

This means unemployment—major and rapidly changing unemployment, which was an unknown phenomenon in the Soviet society. But here as well the statistics lie: Only 7,000 Estonians are officially without work. That is 1.5 percent of the working-age population. In reality it is a two-digit figure. And in the northeast, in the heavily industrial Narva area, unemployment is 25-30 percent. But this is masked by the fact that many employees are forced to take unpaid vacations or furloughs without pay.

Waste of Energy

The recession, the decrease in production, is expected to continue for another 18 months—according to the government's and the IMF's prognoses. The reason is the collapse of the Soviet economy. Estonia was a major cog in Moscow's big, centrally planned, production machinery. As much as 95 percent of its trade was transacted with the rest of the Soviet Union.

In simplified terms, Estonia sent foodstuffs, machinery, and clothes there and got back oil and other raw materials—at artificially low prices. The result was an enormous waste of energy and materials.

But now Russia is asking world market prices for its raw materials and the sales to that country have plummeted. And in the West there is hardly anyone who wants to buy Estonian industrial goods; the quality is too poor. Or as Vladimir Alexeyev, union chairman of the Estonian Power Plant in Narva, puts it:

"Electricity is almost the only thing produced here in Estonia which is not of lower quality than in other countries."

Estonian Trust Agency

Privatization, one of the cornerstones of the economic reform, has not gotten seriously under way yet. The politicians cannot agree on how it will take place.

But an Estonian equivalent of the German Trust Agency has been formed—a company which is to handle the sale of the approximately 400 major state-owned companies in the country. The initial list—containing 30 companies—of the ones to be privatized first came out in September. At the same time a court declared that a previous privatization—a test case—had been illegal.

There is a great deal still up in the air in Estonia. Soviet laws have ceased being valid, but new ones have not yet been passed. In the gray zone between them deals and investments are made which are illegal, but nevertheless impossible to punish.

"I really cannot show where the truly legitimate money is," says an Estonian journalist and adds that the banks have functioned as laundries for the big, black-market, fast money made by many in Estonia today.

Not Many Dare Invest

Since there is neither capital nor major capitalists in Estonia, many are placing their hopes on foreign investors; they are to modernize the factories, buy companies which are being privatized and create new jobs, the government hopes.

But as long as laws and regulations are not clear and distinct there are not many foreigners who can or dare invest on a large scale.

Russian Military Forces Quit Viljandi

93UN0238E Tartu POSTIMEES in Estonian 25 Sep 92
p 1

[Article by Peeter Tali: "Russia's Military Leaving Viljandi"]

[Text] Yesterday afternoon, servicemen of Russia's deep intelligence brigade located in Viljandi took off from the military airfield of Tartu. Today, Russia's deep intelligence brigade based in Viljandi should be turning over to Estonia its facilities in Valuste and Mannimae.

At 7:30 yesterday morning, five Ural 375 trucks carrying 142 servicemen of Russia's deep intelligence brigade set

out from Viljandi to the military airfield of Tartu. In the afternoon they were given permission to fly from the Tartu military airfield to Pskov.

Rein Kriisa, district elder for Viljandimaa, said to POSTIMEES yesterday that buildings and land in downtown Viljandi, formerly at the disposal of the Russian military unit, will be turned over to the Viljandi state defense department. Security for the objects will be provided by Kaitseliit.

Juri Valtin, chief of the Viljandi state defense department confirmed that brigade commander Colonel Vyatsheslav Posohov should be turning over today, to the state of Estonia, the polygon and the jumping tower at Valuste, ports for 32 combat machines and the storage facilities at Mannimae. Last night the Kuperjanovites (members of the Kuperjanov regiment), along with Russia's blue berets, looked over these objects.

The objects are in good condition, Juri Valtin said, with communications intact, and the polygon and storage facilities ready to be used.

Juri Valtin thinks that the base in downtown Viljandi will be turned over by the Russian military in mid-October. The last of the Russian officers should also be leaving around that time.

Russia's reserve airfield for naval aviation at Suislepa has been secured by Viljandi Kaitseliit and seven Russian Navy men since the beginning of September.

According to local authorities, there are as many as 52 servicemen of the deep intelligence brigade and 70 officers left in the barracks downtown.

Roughly 70 officers of Russia's deep intelligence brigade, and 40 to 50 servicemen are left in downtown Viljandi [photo not reproduced].

Russia's deep intelligence brigade wearing the blue berets of paratroopers reported directly to the GRU. Soldiers and officers were trained for intelligence and diversions deep behind enemy lines in groups of two to three men, or alone. Russia has decided to disband the Viljandi brigade. Senior officers have not yet been assigned to new positions.

Russian Border Guard Hands Over Kopli Post

93UN0238F Tartu POSTIMEES in Estonian 26 Sep 92
p 1

[BNS release: "Russian Border Guard Turned an Orderly Border Post at Kopli Over to Estonia"]

[Text] Yesterday, the Russian Border Guard turned the Kopli border post in Tallinn over to the Estonian Border Guard Office.

The takeover of the border post went smoothly, the building was in good order, and rooms were clean. All technical equipment had been removed by the Russian

border guard earlier. Estonian border guards started serving at the Kopli post yesterday. This was disclosed to BNS by Viktor Hansen, chief of the Border Guards passport control department.

"When orders came from above to destroy all objects, this is what was done. Now, the order calls for turning everything over intact, and this is what's happening," Hansen said. Last week, the leadership of the Russian Border Guard's northwestern division issued an order to its subordinate units to hand the objects over to Estonia in good condition.

Henn Karits, deputy executive director of the Estonian Border Guard Office (left on photo above), who signed the transfer documents, told POSTIMEES last night that all of the border posts on the islands of Saaremaa and Hiiumaa (8 and 5) have been turned over, and also eight of the 13 posts along the northern coastline [photo not reproduced].

Russian Border Post at Kopli Handed Over

93UN0238G Tallinn RAHVA HAAL in Estonian
26 Sep 92 p 1

[Article by Heikki Talving: "First Border Post in Tallinn Now in Estonian Hands"]

[Text] Actually, more of them have been handed over to Estonia by leaving Russian border guards. According to calculations made by Henn Karitsa, executive director of the Border Guard Office, we have already taken over eight border posts on Saaremaa, five on Hiiumaa, three in Harjumaa and three in Läänemaa (the last six reported to the Tallinn Border Guard unit). The training center at Paldiski is also in our hands.

Despite these figures, yesterday's takeover was somewhat more significant. First, this was the first border post located in Tallinn to come under the administration of the Estonian Defense. Secondly, it was the first one left in almost perfect order by the leaving guards (guardsmen said that the difference was like night and day, when compared to the training center at Paldiski or the border post at Nõva).

We had a chance to witness this for ourselves yesterday morning at the former Fyodor Okk border post, located on Neeme Street in the Kopli Bay area of Tallinn which, in its heyday, accommodated 50 soldiers. Both the journalists and the receiving staff were stunned by the fact that there were blankets on the beds, red tomatoes could be seen in the plastic covered greenhouse, and apple trees were laden down with fruit. Even a teakettle was warming on the stove...

The reason is simple—two weeks ago Andrus Oövel, executive director of the Border Defense Office went to Moscow, along with the Estonian-Russian delegation for negotiations, and met with Lieutenant-General Pleshko, chief of the northwest region of Russia's Border Guard. A firm agreement was reached at these negotiations

stipulating that, as of now, those vacating the border guard posts will leave them intact, including technical equipment (electrical and heating installations, etc.). This was also confirmed by Valeri Antipov, rear chief of the leaving Tallinn border guard unit, saying that now there is a different *command*.

Turning over and taking possession went quite calmly. Officers of both sides paid their mutual respects, as exchanges of "Zdraviya Zhelayu!" could be heard in Russian. The barracks, the auxiliary buildings and the territory were inspected jointly. I didn't notice any hiding on the part of those handing over the facility. In response to requests, all keys were produced and all doors opened. The fact that our border guards were happy with what they saw was mentioned before. (It is also true that Elmar Veinberg, deputy board chairman of the Estonian Sailors Assembly, who lives in the neighborhood and who has been getting along fairly well with those leaving, told us that a few days ago the soldiers were taking away some rolls of cable, and one of the power stations is no longer to be seen...)

And so, it didn't take long until Henn Karits and Valeryi Antipov, along with other participants, affixed their signatures to the necessary papers. After the big shots were gone, former post chief First Lieutenant Sergeyi Polyutov and new chief Yuriy Kiryushin, a student at the school for border guards, stayed behind to straighten out some things. The latter will be responsible for setting up the guard and continuous border control (obviously different from the iron curtain as it used to be), scheduled to start at some later date. Obviously after all of the 17 border posts previously under the Tallinn border guard unit have been returned (next week will take them to Vihterpalu).

Oh yes, even as we were making our rounds, the last of the vehicles with green caps were rolling out the gate. From one of them you could hear a dragged out "Proshtshay!" [Good Bye!] In all honesty, there was no sadness in hearing it.

Russian Presence Still at Osmussaar Base

93UN0238H Tallinn RAHVA HAAL in Estonian
28 Sep 92 p 2

[Article by Liina Vellend: "Some Are not Leaving Yet"]

[Text] One place the Russian army has not yet left is Osmussaar. The lighthouse run by the hydrographic service is in the northern part of the island, and the radio locating unit in the middle part. Naturally, neither one is extending any invitations, but they don't exactly chase you away either. And so it became possible to spend an hour on the island, and to see how people, who are strangers to such an island open to the winds, have been trying to get used to it.

There are no real roads on Osmussaar, so ZIL was just the right vehicle for getting around there. It didn't matter that ours was a chortling, rattling, hand-crank activated

model. It went through all kinds of landscape (the surface is hard on a limestone island) and you could have as many people standing in the back of the truck as was necessary at different times.

There are also passenger vehicles on the island, but they sit outside the windows, obviously waiting for the work contract to be up. They have the sea to protect them from criminal attacks.

Supplement to the state support comes from one's own piece of land—every family has its own plastic greenhouse with a garden around it. The fence surrounding the lighthouse territory is left untouched, just the way it had been knocked down by the wind. Seems that parting is so close there's no point repairing it.

Farm animals are also kept to supplement the daily fare. The dozen or so cattle, sheep and chickens of the three lighthouse families are kept outside during the warm season. The barn is so flimsy, however, it can barely provide shelter against the cold. Pigs are also kept in this army unit now dwindled to 30 soldiers and three officers.

The lighthouse people also raise children. There is a baby carriage behind each door, the bigger ones keep themselves busy around the house, in the meadow, or on the swing set. When time comes to send them to school, the family leaves the island. Or else the young folk live on the continent, and the children are cared for by grandparents on the island. Children are not entitled to state support, that is meant for adults working for the hydrographic service.

As has been noted on other small islands of Estonia, the inhabitants regard themselves as passers through. This can be seen from the carelessness with which work and domestic waste is disposed. Within a radius of a few hundred meters, there is all kinds of metal scrap that, given time, will rust itself into the grass. Under the tree, in a trench left from war-time, are used batteries, making up quite a volume. The entrance to the trench is cluttered with domestic waste.

But no signs of deliberate destruction were evident on such a cozy visit. Only the belltower is left of the church, and the cemetery is neglected, except for the new memorial site with plaques for all the Swedish families.

It is a case of indifference rather than enmity. A certain type of people who put expedience first have managed, as well as they could, to adjust to living in a non-relenting draft. It does not matter what the shack looks like, as long as it keeps out the wind. It does not matter that there is acid in the discarded batteries, as long as there is light in the lighthouse, and the primary service tasks have been carried out. At the same time, officers of this Russian army unit do not hesitate bumming a ride from a ship belonging to the state of Estonia (coast guard ship Eva-003 came to Osmussaar in early September). They came to Tallinn for a vacation *poputnym transportom*, [hitching a ride] as they say in Russian.

Paldiski Reactor, Dismantling Discussed

93UN0239A Tartu POSTIMEES in Estonian 3 Sep 92
p 9

[Article by Viktor Hellenurme: "Nuclear Reactor To Be Retired"]

[Text] As one can see from the article by VIKTOR HELLENURME, radiobiologist with a master's degree in biology, everything in this world is wearing out, including nuclear reactors. What can pose a hazard to the environment and to the people is the fact that dismantling nuclear equipment is expensive and complicated—especially in view of the current situation in the Soviet Union.

Viktor Hellenurme describes plans for dismantling the Loviisa nuclear power plant in Finland. The same caution is needed also for dismantling and shipping out the Paldiski reactors.

Nuclear equipment is used for producing electric energy, for powering ships and satellites, for heating buildings and for other applications. By the end of 1988, there were more than 400 nuclear reactors operating at power stations worldwide.

A reactor operates roughly 30 years. The relatively short lifespan of a nuclear power plant (NPP) is due to the fact that some of the materials used in its construction are subjected to very intensive gamma and neutron radiation. This causes the metal to turn brittle and rust faster. The world has reached the point where some of the older reactors will have to be phased out gradually. In 1990, for example, there were 35 NPPs in the United States that had been operating for at least 25 years. In 1995, this number will be up to 66. This summer, the oldest of the Soviet nuclear reactors was closed down near Krasnoyarski. Another nuclear plant will be closed by the end of the year.

Dismantling an NPP takes a lot of money. It is thought that it takes as much as 30 percent of the amount needed to build a new nuclear plant. Wealthy states can afford to liquidate an NPP. Considering the weak economic condition of the former Soviet Union, it will be a major hardship. This is why there is a proclivity to postpone dismantling and to keep the NPP's operating as long as possible.

Dismantling NPP equipment is, besides being expensive, also very difficult technically, as dismantling or breaking up has to be done on equipment that is massive and highly radioactive. People cannot go near the highly active sources of radiation. The shipping of radioactive material requires special container vehicles. Nuclear heating elements removed from the reactor, for example, are shipped in containers weighing 30 to 70 tonnes.

The former Soviet Union does not have much experience in dismantling reactors. In mid-60's, a small sample reactor was dismantled at the national economic achievements exhibit. The reactor was removed and the pavillion

was put to some other use. The dismantling of this mini-reactor was not complicated technically. Some research reactors have also been dismantled. Getting rid of some reactors did not present much of a problem to the Soviet Union—these either drowned along with submarines or came down with satellites.

How a Reactor Works

Let's take a simplified look at the workings of the Soviet-made water-water reactor VVER-440 now being used in Finland.

The key component of a nuclear reactor is the reaction block. As uranium nuclei split, the heat spreads to the heat exchange elements placed inside the reaction block, the core of which, made out of a fissionable material (UO_2 tablets) is surrounded by hermetic casing made out of a zirconium alloy. The water (heat carrier) running through the reaction block removes the heat released. Despite the high temperature (270°C), the water of the so-called first phase does not come to a boil because of the high pressure. Going through the steam generator, the super-heated water heats the water of the second phase to the boiling point. In the process, it cools itself off and goes back to the reactor. The steam generated in the second phase is channeled to the turbo-generator.

The reactor is quite big—11 m high, and 4.5 m in diameter. The reaction block takes up a relatively small portion (2.9×2.5 m). Because it takes a lot of water ($39,000 \text{ m}^3$ per hour) to remove the heat from the reaction block, and because a lot of steam is generated, pipes of a very large diameter, powerful pumps and steam generators are used in the construction of an NPP. The reactor is covered by a thick metal shell. Besides that, it is surrounded by a radiation shield—consisting of a layer of boron-containing concrete and water. In addition, reactors abroad are usually also covered by a protective dome made out of steel and concrete.

The reaction block of a VVER-type reactor contains 42 tons of uranium. Despite the large volume of nuclear fuel, it poses relatively little danger, because uranium has practically no gamma radiation. Extremely dangerous, however, is the gamma radiation of radioactive by-products created by the fission of uranium (radioactive isotopes of several chemical elements), and the neutron radiation resulting from the operation of the reactor. By way of comparison, one could say that if the initial radioactivity of nuclear fuel placed in the reaction block is 6×10^{11} Becquerels (16 Curies), then after a year's operation it is millions of times that much.

Under normal operating conditions, radioactive particles will remain inside the heating elements. Only small amounts of some of the fission products (radioactive gases krypton and xenon, for example, and volatile iodine) can get into the heat carrier through microscopic cracks and pores in the heating elements. This is why the cooling water gets polluted in the first phase. There is also another reason for the radioactive pollution of water and the structural elements of the reactor. Due to neutron radiation, radioactivity is transmitted to the block

of the reactor, the pipes of the first phase, corrosion products in the heat carrier, and other elements.

How Obsolete Energy Blocks are Liquidated

Some ten years ago, the Loviisa NPP was put up in Finland, with the help of the Soviet Union. The nuclear plant used two VVER-type reactors. Thought is already given to how the obsolete energy blocks could be liquidated. Planning calls for phasing out the first energy block in 2008, and the second in 2012. Dismantling of the reactors is preceded by a two-year preparation period. The reactor will be stopped, i.e. the fission of the nuclear fuel will be interrupted by inserting neutron-absorbing lead rods into the reaction block. This also stops the generation of heat. Since some of the heat is generated also by the breakdown of radioactive by-products, the nuclear fuel elements will have to be removed from the reaction block of the reactor.

The reactor is dismantled in three stages: Dismantling, packaging the disassembled parts and connectors, and finally disposing of (burying) them. Burial is designated for those parts of MPP's, whose radioactivity exceeds a certain limit.

There are three different options for dismantling the body of the reactor. According to the first, the body of the reactor and the equipment housed therein are cut in relatively small (transportable) pieces which, by means of a remotely operated crane, will be packed into concrete containers and taken to a disposal site. **The second option** calls for cutting the body of the reactor into four parts. **The third option** calls for taking the body of the reactor to the disposal site all in one piece. Before that is done, the first phase pipes are removed from the reactor.

The third option is the most likely one. In this case the body is lifted out of the shaft, a new radiation shield placed around it, turned in a horizontal position, and taken through a tunnel into a disposal site 100 m below the surface of a rocky terrain. The body of the reactor will not be left empty, but will be filled with radioactive equipment that had been there before.

All large, polluted pieces of equipment (steam generator, filters etc.) will be taken to the disposal site intact. Thus, they will serve as containers for the smaller parts. The rest of the equipment will be cut into pieces, packed into concrete or wooden containers and taken to the disposal site. Even the waste produced by dismantling is gathered into appropriate containers. Radioactive structures are cut into pieces with remote cutters either under water or in dry condition. It is quite difficult to remove the radiation shield of a reactor.

Dismantling, that requires the work of 135 people, takes 18 months and costs approximately 300 million marks. The annual dose of additional radiation for people living near the disposal site of a reactor, is calculated not to exceed one micro-Sievert. By way of comparison, the radiation dose from a natural background is 2 milli-Sieverts on the average.

Caution, Paldiski's Training Reactors!

The capacity of Paldiski's nuclear reactors is thought to be over 10 times smaller than that of a VVER-440 reactor. When dismantling these training reactors, care should be taken that no pollution is caused to the environment, and that all radioactive materials are taken out of Estonia. Local disposal of radioactive equipment and waste is out of the question. When hauling highly radioactive materials, residents in the area should not be subjected to radiation over the set limits.

Paldiski's nuclear reactors are jealously guarded. Would the same kind of care be given to dismantling the reactors and hauling the radioactive materials out of Estonia? [photo not reproduced].

In conclusion. In 1985, an article appeared in the publication called NATURE, that says that nuclear fuel for Finland's Loviisa NPP plant is taken to Tallinn by train, and from there to Helsinki by ship, while used nuclear fuel is routed back to Russia the same way. Was the same fuel, or part of it, taken to the nuclear plant in Paldiski?

Border Guard Takes Over Paldiski Facilities

93UN0239B Tallinn PAEVALEHT in Estonian
16 Sep 92 p 2

[Article by Karl Taklaja: "Estonian Border Guards 'Conquering' Paldiski"]

[Text] Yesterday, Estonia's Border Guard Office took over three military objects in Paldiski that had belonged to the Russian army. Difficulties with this operation started at the city's gates, which remained closed to the Estonian border guards. After the border guards consulted with officers of the Paldiski border post, the latter finally agreed to let the Estonian border guards into the city.

The first "conquest in the forbidden city" was the Russian army border post on the outskirts of the city. The situation at the border post was already familiar from other objects taken over by Estonia's Defense Forces. The one-story structure built in the 50's was stripped of everything possible, only the walls, windows and the roof were left in place. Also senseless was the havoc wreaked in the kettle house of the border post, as if it were some crucial military object that could not be left at the disposal of the Republic of Estonia...

The technical observation point overlooking the bay at the tip of the Paldiski peninsula was the next object to be taken over. The disorder in this building, too, was no longer a surprise to Estonian border guards. The observation point differed from the previous object in not having any windows at all.

When approaching the last object to be "conquered" our border guards came upon a suspicious-looking handyman who was furiously working away on the windows of the training building. A closer acquaintance with the suspect revealed to Estonian border guards that

the man had a large supply of window panes tucked away in his Moskvich. The glass thief will now have to explain his activity to the police.

The condition of the training center, too, evoked an image typical of war movies.

Estonian border guards took control of a total of 36 hectares of the City of Paldiski territory yesterday.

Tungsten Said To Be Sold in Paldiski

93UN0239C Tallinn RAHVA HAAL in Estonian
19 Sep 92 p 3

[Article by Juri Liim: "Radioactive Goods From Estonia"]

[Text] We know that, in Estonia, we have not been able to curb the massive theft of copper and the buying up and shipping out of metal. Besides copper, there are also strategic metals that are secretly being shipped out of Estonia, like titanium, for example (the latter in rather small quantities). Even radioactive cargos have been discovered, as we can read from RAHVA HAAL.

Now, secret shipments of radioactive tungsten have begun to pose a danger to Estonia, and even more so to the foreign states. This merchandise is being offered at Paldiski. Some 500 to 600 metal liters of one kilo each go on sale at one time. The price is amazingly low—only 5 dollars per kilogram, which does not even come close to world price. Understandably, goods that cheap will always find a buyer regardless of the danger—money doesn't stink (nor does it radiate)...

It is bad enough that the "closed" city of Paldiski has become a breeding ground for Mafia, where deals go down on copper, weapons and narcotics—now we are also trading in radioactive materials. Small foreign ships have been coming here secretly to pick up this cheap and hazardous material and will probably continue to do so—until Estonia's borders are properly secured.

Veering, Oövel on Red Army Troop Problem

93UN0239D Tallinn PAEVALEHT in Estonian
21 Sep 92 p 2

[ETA-PL release: "Andrus Oövel: State Assembly Must Decide, What is Dangerous To Estonia"]

[Text] TALLINN (ETA-PL). At noon yesterday, Estonia's State Minister UNO VEERING and ANDRUS Oövel, executive director of the Border Guard Office, responded to questions from journalists at the Tallinn Press Center.

Compromises Are Possible

State Minister Uno Veering said at the press conference that, from all appearances, there are fewer than 15,000 Russian army personnel left in Estonia.

"Through each of the six rounds of Estonian-Russian negotiations we have repeatedly asked our partners how many foreign forces are stationed here. Not once has there been a reply," said minister Veering, who is heading the Estonian delegation for negotiations between the two states. *"I think that the soldiers and officers of the Russian army left here number fewer than 15,000."*

Uno Veering asserted that Estonia's government and the delegation are sticking to the deadlines previously established: Attack forces and units stationed in Tallinn would have to leave this year, and the rest of Russia's armed forces during the first half of 1993.

Negotiations regarding state borders have snagged, according to Uno Veering, because of the different approaches the negotiating parties have to the legal continuity of states.

"The Russian side finds that last year, two completely new states were created—Estonia and Russia, and that a legally negotiated basis should be created to determine relations between them."

Our position is unchanged: The Republic of Estonia that emerged in 1918 was for a period, contrary to the will of its people, incorporated into the Soviet Union, but the legal status of our state was not interrupted," the state minister stated.

Besides the Tartu Peace Treaty, he said, there is no other international document that would determine the location of the Estonian-Russian border. At the same time Veering does not rule out that *"certain compromises"* could be reached.

(PAEVALEHT learned last week that Russia has made the first moves to suggest the possibility that Moscow, too, is ready to correct the borders. Reliable sources have indicated that the new Estonian-Russian border will probably be set somewhere between the border of the Tartu Treaty and the present economic border.)

Uno Veering said at the press conference, among other things, that *"continuity should be preserved on the level of delegations."* He admitted, however, that: *"This is up to the new government."*

The state minister was convinced that the delegation for negotiations to be formed by the new government will also proceed from the 1920 Peace Treaty of Tartu, since *"there is no legal act that would have cancelled it."*

The State of Estonia Must Weigh the Efficacy of All Defense Expenditures

Andrus Oövel, executive director of the Border Guard Office, said at the press conference Sunday that: *"The State of Estonia must weigh the efficacy of all defense expenditures."* Oövel said that *" dangers would have to be determined."* He also asked: *"Do we fear aggression on the part of some foreign state, or are we trying to curb organized crime, and the spread of the narcotics Mafia and illegal refugees to Estonia?"*

The executive director of the Border Guard Office thought that *"this question should be answered by the State Assembly and the new government."* If complete coverage of our present borders would require 3,048 men to serve in the Border Guard, then presently we only have 1,100 soldiers on the border, Oövel stated. Such a "gap" undoubtedly points to the present awareness of the sources of danger against which Estonia is trying to protect itself.

As of July 1, when the visa system went into effect, 2.2 million border crossings have been registered. Twelve thousand people were sent back from the border, three fugitive criminals were caught, as were 582 persons with falsified documents. The Border Guard has filed complaints for initiating 31 criminal cases (including 15 cases of offering bribes to border guards, six illegal border crossings, and others), *"but not one of them has been resolved in court,"* Andrus Oövel said bitterly.

Illegal movement by Russian armed forces was reported by our border guards 131 times. The border guard forces of the former Soviet Union have turned over 18 border posts to date. According to Oövel's account, most of them were in a rather plundered condition. Among exceptions named by Andrus Oövel were border posts turned over on the island of Saaremaa, and the cutter bases located in Haapsalu, where *"even the floors were washed and flowers placed on the table."*

The executive director of the Border Guard Office revealed to foreign journalists that eight Estonian border guards are currently serving at the Paldiski base of the Russian fleet, where they are guarding the border post and the training center for border guards. Due to the shortage of servicemen, it is supposedly not possible to maintain more men there.

Laaneots Presents Plan for Officer Training

93UN0239E Tartu POSTIMEES in Estonian 24 Sep 92
p 4

[Guest article by Col. Ants Laaneots, Chief of Kaitseliit Staff: "Officer Skills Determine the Life or Death of Many"]

[Text] **The most serious problem plaguing the formation of defense forces in Estonia is, and will be for some time, the lack of qualified military staff, especially officers. This also accounts for most of the difficulties within our ranks, which have so frequently troubled the people.**

The qualifications of a military leader are particularly crucial because, in a combat situation, they can make the difference between life and death.

War experience shows that the preparation of a battalion leader, who could successfully lead a unit in combat (not only valiantly click his heels in peacetime) takes roughly seven to nine years.

Servicemen

The training of a serviceman starts with three months of basic training given to a recruit in the training company, during which he gets to know military regulations and hand weapons; will learn how to fire them and how to act in the field of combat; and to improve his physical preparedness.

After completing the basic training course for recruits, the young warrior will be placed in a combat unit, where he will continue his training, first as part of a detail, and then a group and a company. During his service period he will have to participate, at least once, in the tactical training for a company, and then for a battalion.

Non-commissioned Officers

In the course of basic training for recruits, selection is also made for those servicemen who have the potential to become non-commissioned officers. These young men will, after completing another training unit, take a three-month course for non-commissioned officers, where they will get the necessary training for detail and group leadership. After completing the course, they will continue their service as sergeants in combat units.

Staff Sergeants

The preparation of staff sergeants (sergeant majors) is accomplished through a 12-month course in combat school, the suitable candidates for which are picked from reservists up to 30 years of age, who have completed the course for non-commissioned officers and served successfully as sergeants. The non-commissioned officers enrolling in combat school enter a three- to five-year service contract with the staff headquarters of defense forces. The combat school offers its students instruction on the leadership and economic management of a detail, group or company. Attention is also given to methodology training. After graduation from the combat school, the brand new sergeant major can serve as a group leader, group elder, or a company sergeant. Graduates of the combat school are also the first to be picked for officer's training.

Staff sergeant's service includes several months of additional training offered every two to three years.

Officers

The preparation of officers, which has been started at several stages, requires that a comprehensive curriculum be established.

The units being formed now are in immediate need of a leadership staff. Officers, as well as non-commissioned officers, are picked for short-term training courses lasting three to six months out of those men who have undergone either an officer's or a sergeant's training program in the Soviet or some other armed forces. True, such preparation is tantamount to merely eradicating so-called military illiteracy, but that cannot be helped. A series of supplementary courses could, at some later

date, be used to improve the qualifications of these leaders with insufficient preparation.

Estonia's Military School

Estonia's military school, formed within the framework of the internal defense academy, will be opened in December of 1992. Normal officer training is planned as follows: The officers of our future defense forces must first go through a three-year course at the military school, which will give them a general education on post-secondary level, mastery of foreign languages, and the preparation to perform the duties of group and company commanders. They will also get the training necessary for staff officers in a battalion. Enrollment at the military school is competitive and open to all citizens of Estonia not more than 25 years old, who have a high school education, good health, and who have completed military service. Graduates of the military school will be given the rank of a lieutenant junior grade. After serving for about three to six years, a young officer can, on the competitive basis, enter the higher military school where, within a year's course, he will acquire the training needed to lead a battalion or its equivalent, as well as the training necessary for a staff officer of a military region or a brigade. The graduate of the higher military school will be granted the rank of a captain, and assigned to active duty in an appropriate position.

Staff College

In the course of the next three to six years of service, the most talented and the most able officers will be selected, who can continue their studies by taking the two-year course at the staff college. There they will acquire the knowledge and the skills necessary for leaders of large military units and military regions, or be trained for positions at general staff headquarters or other central offices of state defense.

Graduates of the staff college will be granted the rank of a major.

To reduce the expenses of officer training, it would probably be efficacious to return to the idea of creating shared military training centers for the post-secondary schools of Tartu and Tallinn, where student volunteers (for a material incentive, of course) would complete the officer's course and, depending on their preference, join the service in either the defense forces or the reserves.

A good way of getting progressive experience in matters of state defense would be sending Estonian officers to take their training at military training centers in the Western states.

The system submitted to prepare the leadership of our defense forces points to an urgent need to create **shared training facilities** made up of a:

*** military school; * higher military school; * staff college; * technical school; * continuous supplementary courses for officers; * combat school for non-commissioned officers.**

Such learning centers would make it possible to resolve the problem of training a national military staff, based on the pre-war experience of the Republic of Estonia, at a relatively low cost and a high level of quality.

Swedish Daily: Estonian Interior Ministry Aids Mafia

93UN0276B Stockholm DAGENS NYHETER
in Swedish 29 Oct 92 p 5

[Article by Mert Kubu: "No Ban on Smuggling Refugees"]

[Text] The Kurds and Iraqis who are being smuggled by boat to Sweden and Denmark travel to Estonia on ordinary tourist visas. They get them at the border at Narva—as long as they can show that they have the equivalent of 50 Swedish kronor per day and a family member to "be a tourist" to.

In Tallinn they can stay at a hotel belonging to the Estonian Interior Ministry. There, smuggling deals with the mafia take place under nose of the Estonian police.

This is because the hotel building and the courtyard are used as a base for the radio cars of the Estonian police.

This astonishing information is revealed to DAGENS NYHETER by the chief of the Estonian border service in Tallinn, Viktor Hansen.

What is even more remarkable: Estonia today lacks legislation which makes it a crime to smuggle people out of the country!

"Despite the fact that we have sounded the alarm and pointed this out, officials at the immigration authority continue to issue visas to Kurds, Iraqis, former Yugoslavs and other nationalities, people who we know are trying to get into Sweden," says Hansen.

"Are we still doing that?" says the general director of the Immigration Bureau, Andres Kollist.

After checking out the matter, Kollist explains:

"According to valid regulations you do not need an invitation to get a tourist visa, as long as you have the money to pay 125 kroons for a visa and can show that you have 50 kronor [Swedish] a day to live on. We have wished for this rule to be changed. But then there was a change of government and nothing has happened yet."

"But I have talked with the new interior minister, Lagle Parek, and she is aware of the fact that the administration must act quickly."

How quickly?

"A government decision is needed and perhaps it must also be discussed by the new parliament."

It turns out that the Kurds, Iraqis, Somalis, etc., needed only to state that "they are interested in studying conditions in Estonia" or that they want to see "sights such as Old Town in Tallinn."

'Hopeless Task'

Border chief Viktor Hansen says:

"It is a hopeless task for us as long as there are no sensible laws. Today it is even unclear where the Estonian territorial border is located at sea. We were recently forced to release that Swedish citizen, a former Iraqi, who tried to smuggle 16 Somalis in a big plywood box in his car on board the Estline ferry to Stockholm.

"We could not even confiscate his car. There are still paragraphs missing in our criminal law which makes this a crime. This as well we have time and again pointed out to the government."

The Kurds and Iraqis who are thus staying completely legally in Tallinn, according to Viktor Hansen, are living in a number of small hotels such as hotel Sport, once built for the sailing Olympics, a shabby hotel called Briis and a hotel belonging to the Estonian Interior Ministry and located at Suur Patarei 13 in the harbor quarter.

At the Police Parking Lot

"This is the first time I have heard that Kurds and Iraqis are living there. But I could very well imagine it. Some former military in Moscow might have provided the tip about the hotel," Assistant Interior Minister Juri Kaljuvee tells DAGENS NYHETER.

The building and the courtyard are used as a car park by the Estonian police, which ranks under the Interior Ministry. When DAGENS NYHETER was trying to find out where the hotel was, police cruisers were constantly driving in and out of the building. The building has for a long time housed a simple hotel, which has been used by drivers and lesser officials on business trips from Riga, Vilnius, Moscow, and from the Estonian cities. But now that the official black limousines from Moscow are no longer coming and the rooms have too plain a standard for, say, Swedish policemen visiting Tallinn, as Kaljuvee puts it, the hotel was turned into more of an independent company, which has the right to rent surplus rooms to private persons. Meaning also to Kurds and Iraqis passing through as refugees to Sweden. The business with the mafia could therefore take place right under the nose of the Estonian police.

Note: One Estonian kroon equals about 50 [Swedish] ore.

LATVIA

Russian Delegation Head Addresses Problems

93UN0231A Riga DIENA in Russian 14 Oct 92 p 2

[Interview with Sergey Zotov, head of the Russian delegation, by Rita Rudusa-Zvidre; place and date not given: "We Are Destined To Be Neighbors Forever"; The Head of the Russian Delegation Reminds That the Army Has Weapons"]

[Text] "There are no contradictions in our relations with Lithuania. However, the talks with Latvia have reached an impasse. This is caused by Latvia's gross violations of human rights and the conditions raised by the Latvian delegation, unacceptable to Russia, concerning the withdrawal of the Armed Forces. Unless the situation in the area of human rights in Latvia does not change in the immediate future, Russia will not sign even a single agreement on pulling its troops out of Latvia." Such was the statement made by Russian President Boris Yeltsin at his 6 October meeting with television journalists at the Ostankino studio. With increasing frequency, the Baltic states, Latvia in particular, are being accused of violating human rights, not only at meetings but also in statements made by high officials in Russia, and in frequent cases the withdrawal of the Army is linked to the issue of human rights. Regardless of how great the differences in their political views may be, on the question of withdrawing their Armed Forces from the Baltic area the thoughts of the Russian politicians frequently coincide. Sergey Zotov, the head of the Russian government's delegation, shared his view with DIENA. Zotov's view does not reflect the full political spectrum which is seen in Russia today. However, it reflects the position of the majority of Russian politicians concerning relations between both countries at the present tense stage.

[Zotov] At the present time governmental talks between Latvia and Russia have reached an impasse. A simple analysis would clarify the reason for this. Russia has submitted a number of initiatives. The latest and most important among them was President B. Yeltsin's proposal of shortening the time for the withdrawal of the troops by five years. Latvia totally failed to reciprocate. On the contrary, the Latvian side is ignoring already agreed upon documents and is violating concluded agreements. As early as last February, progress could be noted in the talks. Delegation heads S. Shakhrai and Ya. Dinevich signed a very important document. The 1 February communique specifically described the status of troops under Russian jurisdiction deployed in Latvia, i.e., that they are foreign troops subject to withdrawal from Latvian territory. Furthermore, the communique emphasized that the times and schedule for the withdrawal of the Armed Forces are linked to settling the issues of security and social problems. The third and most important point in that communique stipulated that both sides had agreed not to take unilateral steps and to abstain from taking measures which would affect the interests of the other side.

The Latvian side has violated all such agreements. Lately there has developed a trend toward avoiding mutually acceptable solutions but gaining advantages in the talks through steps not coordinated with the other side. I believe that this is a truly arbitrary behavior which is inadmissible in relations between governments. The Russian Army is the one which is particularly suffering from such arbitrariness. The standards of domestic Latvian legislation are being applied to troops under Russian jurisdiction. However, these are foreign troops which obey the laws of their own state.

[Rudusa-Zvidre] Do you believe that troops under Russian jurisdiction should not observe Latvian laws?

[Zotov] Russia has pledged (as stipulated in the documents) to observe and respect Latvian laws. We have agreed to draft documents which would define the rights of the Russian troops in Latvia until they are fully withdrawn. However, so far such documents have not been signed, for which reason Latvia has no right to demand that Russian troops observe domestic legislation. The Russian delegation has realized that Latvia is deliberately delaying the signing of such documents. The longer the issue of the status of the Russian Army and its rights remains unclear, the longer the Latvian power structures will be able to apply its arbitrary behavior toward military personnel. On the Latvian side, the slogan is "get out!" The attitude toward Russia is one shown toward a defeated country. Latvia would like to see the total capitulation of Russia by making unilateral decisions and formulating conditions which are degrading to Russia. Latvia is internationalizing the question of the withdrawal of the troops and clearly hoping to "defeat" Russia with the help of international pressure.

[Rudusa-Zvidre] Is Russia feeling any international pressure on the issue of withdrawing its troops from the Baltic area?

[Zotov] The information which the Russian Ministry of Foreign Affairs is receiving through diplomatic channels leads to the conclusion that the leaders of the Western countries are aware of the difficult situation in which Russia finds itself. They realize that Russia does not demand any kind of privileges for itself or any special status and they trust Russia's sincerity when it gives high-level guarantees of troop withdrawal. Any international pressure on the part of the West, even had such a pressure been applied, could have tangible consequences, for Russia is a country with international reputation and with interests of its own. Eventually, the methods used by Latvia to provoke international pressure on Russia will turn to its own detriment. Latvia's position in intergovernmental talks is already becoming internationally known. Let me mention as an example the decision of the Council of Europe, according to which Latvian and Estonian membership in that organization has been postponed. The politicians in the West realize that the withdrawal of the Armed Forces is a

matter of bilateral relations between Latvia and Russia and that its aggravation could have undesirable consequences.

[Rudusa-Zvidre] Could the Baltic area possibly become another area of conflict?

[Zotov] Unquestionably, tension is mounting. Should it result in increasing instability within Russia, a conflict would be possible. We must not forget that the military personnel in Latvia are armed. Should Latvia continue to encourage apartheid against Russian nationals a conflict would become inevitable.

[Rudusa-Zvidre] In your opinion, could what is happening in Latvia be described with the word "apartheid?"

[Zotov] I have not invented this concept which is found in international documents. Apartheid means the privileged status of one segment of the population compared to another. In Latvia almost one-half of the population is being discriminated against, and this could be described as apartheid. I realize that the "Russian trump" benefits some political forces in Latvia, which are trying to gain political capital on the eve of the anticipated parliamentary elections. However, such a policy is nearsighted and is a delayed-action mine in terms of the future talks between Latvia and Russia. Latvian politicians do not think of what would happen when thousands of humiliated residents of Russian nationality are forced to leave Latvia. Such people will create a tremendous explosive mass deep within Russia and will threaten the positions of the Russian democrats. If the Russian democrats fall the future of Latvia itself may become threatened. Latvia's well-being will depend on Russia both today and in the future. Our countries are destined to be neighbors forever, for which reason we should start thinking about the future as of now. Suffice it for Russia to shut the gas pipeline and Latvia would freeze, and so would all of its greenhouses.

[Rudusa-Zvidre] Is this to say that the possibility of exerting economic pressure on Latvia is also being considered?

[Zotov] I would not like to see a situation develop in which Russia would have to resort to radical steps, such as economic blockade. However, the possibility does exist. With their own hands the Latvian democrats are digging a pit for the Russian democrats, and as a result of the Baltic issue hundreds of thousands of people are becoming opponents of a democratic Russian government. Communists and patriotic forces are united on the Baltic issue and no one knows what will happen at the Congress of Russian People's Deputies, expected to be held soon. Possibly it could consider, among others, Russia's foreign policy and, naturally, the Baltic issue is one of the most important parts of it. I assume that as a result of the pressure exerted by the opposition the foreign policy course may change, which would also affect economic relations between Latvia and Russia. With increased violations of human rights in Latvia, the

pressure on the Russian government and president increases, and demands are being heard of making harsh decisions to put an end to the arbitrary behavior of the Latvian authorities toward the Russian-speaking population.

[Rudusa-Zvidre] You have repeatedly mentioned that in Latvia violations of human rights are increasing. Similar claims have also been made by other Russian officials and political leaders. Could you cite specific standards of international law which are being violated in Latvia?

[Zotov] Mainly what is being violated is Article 15 of the Declaration of Human Rights, which stipulates that every person has the right to citizenship. Also violated are international conventions on citizens' political rights. Another essential violation is that people of Russian nationality in Latvia are deprived of the right to acquire property. Private property is the foundation of a market economy and property in Latvia can be acquired only by citizens. As a whole, Russia objects not to Latvian legislative acts but to their implementation which frequently violates the written word. A draft law could even be accepted by international experts but in fact, after adding endless riders and amendments, such a law becomes no longer consistent with international standards and according to it nearly one-half of the Latvian population become second-class citizens. They are forbidden to hold leading positions and to participate in elections, and many of them will be forced to leave the country. I do not believe that the Latvian government intends to deport all such people by force. However, feelings of insult and harm are being cultivated within such people and this is dangerous both to Latvia and for Russia.

[Rudusa-Zvidre] Your projection of relations between Latvia and Russia does not inspire optimism. Do you see any possible way of getting the talks out of the impasse and improving relations?

[Zotov] In my view, the solution is simple. I have no right to change the view of the Russian delegation, as presented at the 6 August talks. This is a packet of documents which stipulate that we must coordinate without delay our positions and make corresponding decisions on the provisional status and functions of the Russian forces on Latvian territory until their withdrawal, as well as settle the issue of sites which are of strategic importance to Russia. I am confident that all such issues can be resolved in one week should Latvia wishes to do so. In turn, Russia will no longer submit new initiatives. Our measure of patience has been exhausted and we are waiting for reciprocal steps on Latvia's part. Otherwise, I personally shall report in the press and in parliament about the real status of the talks. I have already been accused of "betraying Russia's national interests," for which reason I would like to make society aware as to who precisely is to be blamed for the existing situation. Perhaps something may change once the process is joined by Russia's public opinion.

Minister on Alternative Economic Program

93UN0231C Riga DIENA in Russian 14 Oct 92 p 2

[Interview with Ojar Blumbers, Latvian Republic Supreme Council Committee for Architecture, Construction, Power Industry, Transportation, and Information Industry chairman, by Gint Jegermanis; place and date not given: "Rich Citizens Means a Rich State"]

[Text] [Jegermanis] Perhaps we should begin with a strictly personal question. Although today no one can tell how long will the present parliament survive, eventually its activities will come to an end. Do you hope to remain a member of the Saeima or do you have other plans?

[Blumbers] This will depend on the final draft of the law on elections, which is being written currently, and on the forces which will become more popular as the elections approach. Should it become obvious that the views of these forces come closer to my convictions, and should they win, they could create a constructive legislation which would benefit, above all, the revival of the national economy. In that case, perhaps, I may not even try to remain in Saeima.

I am a practical economist and feel best precisely in an atmosphere of active economic life. I like to make decisions and act quickly and decisively for the sake of their implementation. The "pulpit style" is unacceptable to me and I become quite nervous in the midst of lengthy discussions. I hate to see time wasted.

However, if in the course of the electoral campaign the scales begin to tip toward the supporters of endless declarations and political manifestoes, I will most certainly campaign for the Saeima alongside like-minded people together with whom, without unnecessary noise, we shall set up an association for energizing Latvian economic life—a group consisting of political parties represented by practical engineers, economists, specialists in the applied sciences, active farmers and, which is self-evident, entrepreneurs-producers who are active and have new ideas.

[Jegermanis] This would be the same group of like-minded people who suggested an alternate economic program (referring to a group of independent voluntarily engaged economic experts, one of whose leaders is Roman Vitkovskiy, whose ideas were discussed by Satverme and the NFL faction in August and September)?

[Blumbers] There are several such alternate economic programs and groups of program developers. I am simply a person who tries to enhance such activities and help this like-minded group by providing them some support by entrepreneurs with whom I maintain excellent relations. Furthermore, it would be erroneous to describe the economic program suggested by this group as an alternate program. Its title is precise: **Program for Legislative Support of the Development of the Latvian National Economy**. Everything within this program is

subdivided into blocks: what should be done in a specific area, what laws must be passed to resolve problems in trade and industry, to ensure ownership rights, and so on. This is a kind of model which any political party which would like to participate in the elections for the Saeima could use in formulating its own program for the development of the country's national economy, rather than blabber about some kind of democratic or republican principles. Therefore, this program is a kind of help for all parties in formulating their own electoral platform.

Many like-minded people participated in the drafting of this document. However, this does not mean that it is universal in terms of its importance in formulating programs and that it is entirely consistent with my views. It contains many features which I personally will not accept and about which I hold different views.

[Jegermanis] Is this not somewhat conflicting?

[Blumbers] No, no. Simply, it is a way of becoming aware of the objectives. One of them is to see to it that the way of thinking in shaping Latvian political life is leaning toward economics. Another objective is that I want to express my own opinion. For the time being, I have no such opportunity. Naturally, nothing programmatic can be included in a newspaper article. Only the basics can be mentioned, but that has already been done repeatedly.

[Jegermanis] You somewhat distanced yourself from this program. You named one of its tasks. Could it be that the people who worked on an alternate concept wanted to say that they can accomplish something whereas the government is totally unable to do so?

[Blumbers] I have never believed that the government is unable to draft its own program. In my view, it simply failed to do it. The government should set up such a working group and pay for its labor. However, the government tried to formulate its own program only through the efforts of the ministries, as a result of which it was unable to develop a comprehensive concept for the development of the Latvian national economy. The program should have been drafted with the participation of entrepreneurs and specialists in various sectors, who would submit their own suggestions on the development of health care, social security, education, etc. Such a program should have been developed in the course of a creative debate and not hurriedly and in secrecy, when one ministry would draft one part, another ministry, another, and a third yet another.

[Jegermanis] Why was such a program not drafted?

[Blumbers] This question should be addressed to the government. Even had it tried to do it, it would have been mistrusted. When the first program for the development of the Latvian national economy was drafted by the National Front, possibilities for its formulation were extremely limited. There was no access to statistical data, a great deal of the information was of a general

nature, and the address of many enterprises was a post office box. Nonetheless, such a group appeared and programs were selected on a competitive basis. More than 20 projects were submitted. It is regrettable that, subsequently, all of these projects were considered unnecessary by the government although they included a fantastic number of splendid practical suggestions.

[Jegermanis] What was the reason for all this? The National Front is in power. However, this government is making no use of the materials and proposals drafted by the NFL.

[Blumbergs] Because the government chose other solutions. It seemed to it that it should trust the professionals within the existing apparatus. This was an error, for the prime minister failed to assess the situation properly and to realize that the previous apparatus for governmental administration did not consist of professionals—specialists and practical workers—but essentially of party functionaries who, as they were promoted, usually landed in the ministries, the Gosplan, and so on. Very few people in such positions had any practical knowledge of enterprise economic life.

[Jegermanis] Could we go back to the topic of the parliament? What do you think, why is it that the parliament did not work as well as it could, and what kind of parliament should we have in the future?

[Blumbergs] The problems in this area are numerous. The first is the fact that this parliament is political. I have pointed all of this out. It was established for a specific purpose. This parliament took the first and most important step which had to be taken: It proclaimed Latvia an independent state and was able politically and legally to defend it and was sufficiently decisive and daring and we must give credit for this to the deputies. However, in the future the parliament must work professionally, paying maximal attention to economic problems. Naturally, the present parliament found itself insufficiently prepared for this in the same way that all of Latvia was unprepared for it, lacking sufficient knowledge. Hungering for information, we had to seek ready-made solutions from the West, which, in turn, required time. Furthermore, we were hindered by the language barrier and by many problems related to the study of the laws. Subsequently, at first laws were being drafted extremely hastily. This is one. Second is that the parliament unnecessarily burdened itself by undertaking to resolve problem which required the passing of laws and provisional resolutions by the Council of Ministers. You must remember the length of the debates on the law on hunting and other problems in which there was absolutely no need for the parliament to interfere. The parliament had to deal with the main principles, which is what we must do today. Before undertaking to draft a law we must determine, above all, its essential principles and coordinate them, and only after such principles have been accepted by professional jurists and specialists, could we consider drafting a law. No commissions are

needed for such purposes. Commissions could participate in such work but not assume the responsibility. We wasted a great deal of time in unnecessary debates. The reason was that while drafting laws the parliament tries to coordinate different and essentially conflicting viewpoints at parliamentary sessions and after the sessions among the factions, in order to be able to submit a specific solution for general debate only when it has become clear that it has ensured the support of the majority of deputies.

[Jegermanis] In my view, at this point yet another problem arises. Whatever law on elections is eventually adopted, it is clear that the Saeima will be dominated by parties which will be best able to express both their own viewpoint as well as that of the voters. The need to solve economic problems will remain, whatever the case. It is obvious that it is necessary either to nominate strong groups of economists and practical workers as members of parliament or that the party leaders themselves must become more competent in the field of economic problems.

[Blumbergs] I do not doubt even for a minute that it is the voters who will determine the composition of the Saeima at the elections. The time of the revolution which sings and dances, if one may describe it as such, is in the past. Today there are different requirements. The voters understand this best of all. The elections will make their preferences clear.

What does democracy mean? We speak a great deal about democracy and this is both good and bad. Today we should speak more about money. Let us look at the United States where there are two major parties—the Democratic and Republican. But ask an American student as to when did democracy appear in that country and he would be unable to answer you. Therefore, in a country which was an established republic by the time that it became an independent country, and where a stable democracy has existed ever since it became a democratic state, there are only two parties which have two slogans: democracy and republic. Actually, one could say that this is merely a screen behind which are concealed various relations precisely dealing with economics and taxation policy. Therefore, the names of the political parties are not all that important but what are essential are only the views on the economy. The party which wins the elections is the one which will think least of all about political objectives, or else a public organization which would submit proposals based on a specific economic program. This is inevitable, for the people will be able to identify what they need and put everything in its proper place, in the same way that the people perfectly realized who should have been elected to the current Supreme Council so that the main objective of today could be attained.

[Jegermanis] I would like now to turn from "naked" politics, which, however, has never been "naked," for it has always concealed an economic base, to the subject of money, which we already mentioned. In Latvia, there

seemed to have been, at the same time, both a great deal and little money. Why is this? Where did we go wrong and what route should we follow? What awaits our state in the 21st century? We are now building a new state but what kind of state could it become and what are the main trends of activities which must be pursued in the immediate future so that our state could remain functional?

[Blumbergs] The state will be rich when its citizens become rich, and not vice versa. This is axiomatic. Today the government is trying to make the state rich. I, however, think that everything possible should be done to make the citizens rich.

[Jegermanis] The concept is understandable but could you try to clarify it in greater detail?

[Blumbergs] This means that we must do everything possible to make rich those who can become rich, who are able through their own efforts to create wealth and, above all, to produce values. This applies to people who can create wealth in Latvia, using the international market and the advantages offered by Latvia's geographic position and the fact that our eastern neighbor is, for the time being, not all that well-organized and, also with the help of various intermediary financial deals, such as purchase and sale operations, earn considerable amounts of money. All of this, however, will soon come to an end, for which reason we must already start thinking of production. I have been discussing this issue for at least two years: We must begin to build industrial projects, taking into consideration Latvian natural possibilities and resources which could bring income in the future and whose output will be in demand both domestically and on the foreign markets. For example, in order to make use of our timber we must build a cellulose-paper combine. In order to make use of the fact that Latvian territory is crossed by the petroleum pipeline to Ventspils we should not allow for Russia with which, in this case, we share common interests, to export crude oil. It would be much more profitable both for Latvia and Russia to refine this petroleum (26-30 million tonnes) as finished goods. To begin with, this would greatly increase revenue and, secondly, would make it possible for Latvia to have its own petroleum refinery. The Greens should not fear this, for throughout the world such enterprises are ecologically well-secured. Suffice it to look at the refinery in Vienna. It does not appear to be all that different from Vienna's opera house in terms of cleanliness. What would remain in our possession would be the auxiliary products which are obtained in the course of refining the petroleum. We could thus secure for ourselves a great deal more of bottled gas than we have now. In the course of time we could secure for ourselves all the petroleum products we need. By using already existing production facilities and developing new ones, we could develop a wide network of chemical enterprises. This would settle the issue of purchasing expensive raw materials from Russia which, incidentally, are becoming virtually impossible to acquire. If we were to build such complexes and build a sufficiently powerful cement plant and properly organize the work of

our ports and specialize them (as is already being done in Ventspils) the port in Līepaya could be restructured in such a way as to handle bulk freight (such as cement, gypsum) applying worldwide practical experience: not packing it in bags but loading it on specialized container ships. If we were to build an enterprise for cellulose processing or treatment in Jekabpils Rayon, which would use low-grade timber—production waste from neighboring lumber producing enterprises, the port of Līepaya could be used with the Jekabpils-Daudzeva-Jelgava Railroad, thus not overloading the Ventspils tracks. It would be ideal to make the tracks at Līepaya Port of the same width as the European railway tracks. Consequently, we must specialize. This is merely one example. We would be able to attract foreign capital only through such planning. All the opportunities to this effect are available, for such projects pay for themselves although, naturally, not immediately.

[15 Oct 92 pp 2, 6]

[Text] And even if problems appear related to the repayment of such loans, by then, once such enterprises are about to start work, they could be converted into corporations. Once they are operational it would be possible, in order to repay the loans, to attract investment capital. Such enterprises do not have to belong to the state.

Such enterprises are needed in order to provide the Latvian citizens with a stable income, jobs, and a growth of the Latvian national income and increased exports. It could involve in the building of such enterprises the tremendous amount of manpower from various enterprises and construction organizations. This will enable us to fight unemployment which has already become reality in construction organizations, the equipment of which, after their closing, is being dismantled and scattered. Marking time would lead to catastrophic poverty which would be exceptionally difficult to surmount. Furthermore, enterprises which will participate in the construction of projects built with foreign loans will be able to obtain substantial foreign exchange funds which would enable them to purchase Western technology. In itself such construction would develop as an activity which would "pump blood" throughout the entire Latvian national economy, a blood which currently is stagnating in the arteries of our economic body.

[Jegermanis] This could be accomplished if someone were to undertake to do something. However, looking at the situation which is developing in Latvian industry, one should be truly optimistic by not predicting its collapse in the most immediate future.

[Blumbergs] It is certain that a significant share and even most of Latvia's industrial giants will collapse this very autumn. Why? For a variety of reasons. First, the tax squeeze applied by the centralized budget is becoming increasingly heavy. Today enterprises can no longer pay such taxes. Second, in order nonetheless to provide funds for the centralized budget the government is

seeking ever new ways to replenish it. Hence the levying of customs fees on imported raw and other materials and complementing items. We are taxing in areas where this can be accomplished most easily, i.e., at the border. In turn, the enterprises are forced to include such additional expenditures in their prices. Nothing changes. The only new thing is that we are trying to sink the enterprises. Furthermore, the prices of energy resources are rising, which also inevitably leads to the higher cost of output. Third, it is a fact that today we no longer produce even 40 percent of our former output. This means that we are training a huge army of people who are unemployed, semi-unemployed, and semi-employed. In accordance with our socialist way of thinking, which does not allow us to offend the people, we are continuing to pay wages for no work. Essentially, we are supporting such people by raising the prices of goods and reducing the volumes of output. Social security deals with the retired, large families, etc. We have also created a parallel system of social security hidden from the eyes of society but which functions through the enterprise wage funds. If this process were to develop further, there will inevitably come a time (actually, such time has come) in which the wage fund, if we include the entire state sector as a whole, will no longer be able to be fully backed with commodities. At that point there will be a collapse which will be much more painful for the working people, compared to a gradual increase in visible unemployment.

[Jegermanis] We frequently hear that in the stores goods are being sold at world prices whereas our wages do not meet world standards. But how can we raise wages?

[Blumbergs] From the very beginning the government should have taken another nontraditional path, for our country's economy is also nontraditional. The national economy should have been immediately directed at the elimination of energy-intensive, metal-intensive, and other similar sectors which require large volumes of imported raw materials. At the same time, it should have turned to the production of goods in demand. This is one. The second is the need to tax the profit of every employed person rather than entrepreneurial activities as a whole. If a person is unemployed and an employer neither can nor wants to pay for such a person a tax on his profit, the entrepreneur will try to get rid of that person. Such a mechanism would immediately force the enterprises to get rid of surplus people. Such surplus people would gradually find a place in our economic life, in which case unemployment would not have kept rising for two and a half years. We keep concealing this very dangerous phenomenon, unemployment, to the point when it becomes a mass avalanche. We are following the road of stagnation in all areas, and failing to find solutions.

[Jegermanis] We keep talking about a number of things which should be done....

[Blumbergs] However, such things can still be done. But we keep continuously and systematically falling behind,

and negative phenomena are the result. Let us speak frankly, today in Latvia virtually all freezing facilities are packed with meat products. The question is, why? For we knew that after such a droughty summer and considering the catastrophic situation with fodder procurements cattle had to be slaughtered. In other words, there will be a great deal of meat. Where shall we store it, if everything is already full? Yet, we are not selling what we have and we are not relieving the system from commodities, although we clearly realize that we shall soon be having further meat deliveries.

[Jegermanis] But what is your view, shall we be able to cross this zero option soon, the point we have now reached, and would this be possible?

[Blumbergs] Obviously, new political decisions will be made and there will be changes in the government and parliamentary elections. By then, however, we shall have hopelessly delayed this process. Had the process been better organized, such a large number of painful issues would not have accumulated, issues which will be facing the future government.

[Jegermanis] Still, is it possible now to achieve, perhaps only to a certain extent, a radical economic upsurge in Latvia?

[Blumbergs] We must begin to develop the production process and find the necessary credits for opening small and medium-sized enterprises, as we did in the post-war period. However, this requires a sensible financial policy with which, at least for a while, we would not have to make a large number of payments or resolve other secondary problems. We must also abandon the further development of a large number of social projects and expand self-governing rights. Let self-governments deal with schools, hospitals, outpatient clinics, homes of culture, and all the rest, including even the public "domain," as was the case in the past. Latvia had quite popular public projects, such as road building and repair. I do not doubt even for a second that the rural population, realizing the entire gravity of the situation, would be concerned, above all, with having its schools functioning once it has been assigned this task. If that same population is relying on funds provided by the central budget, funds which it may not obtain, such a hope will keep it going for a while and, naturally, it will take no action whatsoever. There is nothing to rely on without activating the mechanism of self-government with its extensive responsibilities and the right to have local budgets and local revenues. The central budget cannot ensure the efficient maintenance of this entire huge governmental infrastructure.

[Jegermanis] A great deal is being said on the subject that Western money is necessary to give Latvia a "green light." However, are the Latvians thinking of how to prevent money earned locally from finding its way abroad?

[Blumbergs] The solution of this problem is related to that of citizenship although, naturally, that is not the

only factor. It is clear that a citizen is in a better position compared to someone who is not sure about his citizenship. We must take into consideration that there are more non-Latvians than Latvians working in the enterprises and that, in frequent cases, the non-Latvians are more professional in economic matters, particularly in industry and construction. It is understandable, therefore, that today such people have greater opportunities. Knowing that they may be facing a variety of problems related to citizenship and that their future is rather uncertain, they have already begun to develop their own entrepreneurial activities. They were much faster in acquiring starting capital and have tried (and are still trying) to keep it outside Latvia. As long as we have not resolved such problems and are wasting time in sterile arguments as to who could and who could not live in our country, a substantial share of the national wealth created in Latvia and some of the capital earned here from various transit deals between East and West and from petroleum marketing operations is kept not in Latvia but, for safety's sake, wherever the people will eventually have to settle. Therefore, we are not only creating an internal tension but are also allowing the draining of funds out of Latvia instead of helping for such funds to come into the country. We are now seeing how such money is being invested in quite profitable deals in Siberia, Central Asia, and so on. Therefore, such people are unwittingly harming Latvia.

[Jegermanis] But could they avoid causing such damage, do they have another solution?

[Blumbergs] No other solution will be possible until they are trust the firmness of their economic rights in Latvia. Therefore, dividing society on the basis of any kind of caste or ethnic principles inevitably leads to excluding a segment of society from scientific and economic activities. I was not a party member, for which reason I very well know that many of my acquaintances, like me, were unable to assume leading positions for, after reaching a certain level, because of their nonparty status, they could not rise any further. To a certain extent the same process is continuing to this day.

The people's knowledge and abilities are not being efficiently used and kept away from the ethnic problem. And if now Latvia's interests are not allowing the expanded interpretation of citizenship, we should at least give the noncitizens parity in economic rights.

[Jegermanis] In his lectures, the American politician P. Gobel frequently kept repeating the same concept: "Today Latvia must think of building a state and not of building a nation, for without building a state one cannot build a nation."

[Blumbergs] Although I did not attend these lectures, I could expand this thought.

The building of a state automatically implies the building of the nation itself. It is obvious that an entrepreneur who speaks German and who has found himself an economic niche here, which brings a good income,

and who has moved to Latvia, loses his "Germanness" to one extent or another. The same applies to a Russian who has here a place with a guaranteed income. That is how a nation develops. The Latvian people as well are not any kind of pure formation from the cultural viewpoint. It is unlikely to find in Latvia all that many people who could claim that all their grandfathers and grandmothers were pure Latvians.

[Jegermanis] At the beginning of this conversation you mentioned the fact that you have had to deal with at least several thousand foreign entrepreneurs. Could you give us some details?

[Blumbergs] That period lasted almost four years and began when I was co-chairman of the Latvian National Front Economics Committee. Before that, I had spent 30 years at work in various enterprises (mainly as chief economist). It is entirely natural that during the NFL period I developed extensive relations with business circles in the West, relations which exist to this day. This process cannot be interrupted nor would it be proper to do so, for it would be stupid for someone to take such people not all that seriously, to push them away, without even trying to find ways of cooperating with each one of them, or to expel or persecute them. Naturally, they would never return. Yet, finding a common language means finding the time to hear them out. I have met a great number of people from various sectors and not for the sake of my own personal entrepreneurial interests, for I had no such interests. My personal "business" is an active lifestyle and a professional interest in such matters. I may have learned things better than others, for I listened to others more closely. I have collected a number of various offers suggested by foreign companies. These would be of great interest to many people. I know that I am being blamed saying that Blumbergs has plunged into business "through his ears." However, this is logical, for what do we need more than to stimulate active entrepreneurial activities. Should we be sitting here for two and a half years, engaged in hopeless debates on certificates? Or else should we find for each enterprise a partner with whom, in the future, it could cooperate and put its own technological base in order? I do not shy in the least by saying that at least 200 of the currently functioning joint Latvian-foreign enterprises were set up on my initiative and with my direct involvement. Is this bad if it is being done by a member of parliament? I believe that it is not. I believe that that is precisely what real life is all about. What is important is to remain honest and not yield to the temptation of putting something into one's own pocket. As to how this will look to the people, let me say that chicks are counted after they have hatched and that the people know how to count them.

LITHUANIA

Listing of Russian Units Withdrawn From Lithuania

93UN0305C Tallinn THE BALTIC INDEPENDENT
in English 6-12 Nov 92 p 3

[Article: "Russian Troops Withdrawn From Lithuania and Premises Handed over in September and October 1992"]

[Text] Unit 49265 of the 384th artillery brigade based in Plunge;

unit 12283 (5191st army storage) in Pabrade;

unit 30139 (96th independent aviation maintenance battalion) in Siauliai;

unit 13763 (225th school of junior aviation experts) in the Radviliskis region;

unit 25006 of the 169th rocket brigade in Plunge;

unit 89486 (aviation maintenance) in Siauliai;

unit 118074 (air defence) in Kedainiai.

The 107th Motorised Rifle Division in Vilnius has withdrawn about half of its equipment (17 trains with a total of 650 wagons carrying 900 units of equipment).

A total of 300 Russian troops have been withdrawn in September and October.

Source: Lithuanian Defence Ministry

REGIONAL AFFAIRS

State of Baltic Armed Forces Surveyed

93UN0305A Tallinn THE BALTIC INDEPENDENT
in English 6-12 Nov 92 p 6

[Article by Andrzej Jeriorski and Peter Morris: "Armed Forces Start From Scratch"]

[Text] Eight massive warships are moored in the Daugava river. They are fifty metres in length, with their four-storey superstructures and radar domes overlooking the Latvian capital. Large 70 calibre anti-aircraft guns stand at the ready, capable of blasting an enemy aircraft into cinders should it stray too close. Sailors stand at attention, trained to react to threats at a moment's notice.

Just beyond these visiting NATO ships, a small rusted craft bobs up and down with the waves. Cometa, the flagship of the Latvian Navy, could easily be mistaken for a fishing trawler or the harbour master's tugboat. But these are, after all, early days for the Baltic States' fledgling armed forces.

Lithuania was the first to begin rebuilding an independent army. The formation of the Department of National Defence was announced—cries of outrage from the expiring Soviet Union—on April 25, 1990.

The Department became active on June 1 with the formation of Lithuania's Gelezinis Vilkas [Iron Wolf] commando regiment. Within a month of the failed August coup in Russia, the republic had established its own border guard brigade, closely followed by a volunteer "home guard."

Latvia and Estonia followed suit slowly; Estonia established a Ministry of Defence on only April 13, 1992.

The Baltic military forces face three main problems; defining their missions, convincing policy-makers that an army is necessary or worthwhile, and finding the money needed.

"All independent states are responsible for maintaining the security of their territory," Estonian Deputy Defence Minister Hannes Walter said.

"It is our responsibility as a member of the international community, otherwise Estonia will become a centre of crime, smuggling and black-marketeering between Europe and the CIS."

The Russian threat is perceived as coming in two forms. Overtly, in the rhetoric of Russian nationalists, such as presidential contender Vladimir Zhirinovskiy, who received a shocking six million votes in the 1990 Russian presidential elections. "If it takes 40,000 Russian deaths to make one million Estonians disappear, it will be a noble deed," he said.

The other perceived threat is the more realistic fear that Russian forces in the Baltic, acting independently of the Kremlin, could take matters into their own hands. This scenario envisions a poorly-supplied regiment simply pillaging an unsuspecting Baltic town.

"We cannot possibly stop a Russian invasion," a spokesman at the Latvian Ministry of Defence admitted, "but there are many Russian officers in Latvia who have said, in essence: 'Latvia is rubbish, Yeltsin is rubbish, we are the Russian army, we do as we please.' They are the ones to look out for."

Doing so will require an enormous amount of money and resources. "We receive about 3 per cent of the annual state budget. We need about 6 per cent to reach the level of an average third world country," Mr Walter explained.

Elvo Priks, an adviser to the Estonian Defence Ministry, gave an example. The basic defence of the country, he said, would require 54 tanks, 20 planes, 6 warships and over 90 armoured personnel carriers. "Considering that one tank costs two million US dollars, and one plane costs 20 million, one can imagine how far we are from being fully armed."

And the historical effectiveness of even fully armed Baltic militaries is questionable. In the 1930s, Estonia, Latvia and Lithuania each spent a staggering 25 per cent of their national budget on their armies, according to military historian Toe Nomm, yet received little return on their investment: the Baltic States were annexed without a fight by the Soviet Union in 1940 in a matter of days.

The enormous costs of rearmament have led to a debate in Baltic politics about whether an army is really useful. Some would prefer to rely on European protection or

even NATO. But the Yugoslavian debacle has tarnished these hopes. And NATO has made it clear that it can only defend themselves. NATO Secretary General Manfred Wörner has said membership for the Baltic States is not on the agenda, nor will NATO give the newly independent nations direct aid.

Estonia

The Estonian army, which by law should have 2,500 men, now has only 1,500 soldiers. Bases and barracks turned over to it by the evacuating Russian forces have been so badly destroyed that more than half of Estonia's defence budget goes to repairing them. "The Defence Ministry seems more like the Ministry of Construction," Mr Priks said.

Estonia's defence budget for 1993 envisions an army of 5,000 men, but the weaponry is still not available to equip more of these soldiers. The Defence Ministry's short-term goals require the purchase of rifles, armoured transports and anti-tank weapons, the staples of small mechanised infantry battalions. "This could ward off small border violations," Mr Walter said.

Estonia's border guards do not fall under the jurisdiction of the Defence Ministry, but rather the Interior Ministry. This has created some redundancies, for example, both the army and the border guard forces feel they are responsible for protecting Estonia from smugglers.

And while Estonia has no navy today, both ministries are vying for the right to money to build one. At present Estonia has only four motorboats, gifts of the Finnish authorities, to patrol the Narva river, its eastern border.

In the near future the republic will need to control its borders from the air as well as the ground. Although an air force is now impractical financially, the military is interested in air radar systems to track Russian air force incursions and other violations of its air space.

Estonia has also recreated its pre-war volunteer national guard, the Kaitseliit (Defence League), which were incorporated into the military command structure in the spring of 1992. Since then, however, the Defence Ministry has been unable to control the 12 volunteer units. Four of the 12 units have announced they will not follow orders of the Defence Ministry, but only of the president himself.

Latvia

The 3,500-strong army consists of ten battalions. Of these ten, nine are essentially border guard units of about company strength. The other is a reconnaissance unit.

Latvia's navy currently consists of two 20-metre cutters and two 8-metre craft. "We are too small a navy to actually defend Latvia today," said Lieutenant Captain Grinbergs Narmunds, commander of the Cometa. "Our job is to guard against smugglers and to protect the safety of Latvian shipping."

All of Latvia's 210 sailors are ethnic Latvians and speak only Latvian in the course of their duties.

Latvia budgets approximately 3.5 per cent of its national spending for the armed forces.

Latvia has inherited the former Soviet civilian air traffic control system in Riga, and can track most violations of its air space. But the Russian air force continues to conduct illegal bombing practice on Latvian territory. The country can do nothing except record the violations and send protests to Moscow.

Lithuania

The largest Baltic army is divided into three divisions: the Gelezinis Vilkas commandos, the border patrols, and the Volunteer Service for National Defence, or 'home guard.'

According to Deputy Defence Minister Sarunas Vasiliauskas, there are now about 2,500 serving commandos and about 3,000 border guards. Eventually the Lithuanian government plans to build the force up to 20,000 professional soldiers, with an additional 10,000 in the Volunteer Service.

How soon Lithuania will be able to do this is unclear, as budgetary constraints are tight. In 1992 Lithuania's defence budget was 1.3 billion roubles; next year it will stay the same, despite rising costs and the need for more and better equipment.

Lithuanian troops are armed with light weaponry bought from Russia: the cheap and reliable AK-47 assault rifle, and the more modern AK-74. At present, the army has enough personal weapons for about 30 per cent of its troops. Mr Vasiliauskas hopes that this will improve over the next year, but there seems to be no prospect of buying weapons from other sources as yet. In fact, Lithuania is now the only Baltic state Russia will agree to sell weapons to, as it has concluded that it is the only one where ethnic Russians' "human rights" are not being violated.

"Of course it would be better to become less dependent on Russia," says Mr Vasiliauskas, "but Western weapons are far more expensive. At the moment we have little to spend, and we have to get the equipment from somewhere."

He adds that Lithuania has no chance of being able to afford heavy weapons, tanks or artillery in the near future.

The Lithuanian Air Defence Force comprises 21 aging Antonov An-2 biplanes—a type of transport aircraft which dates back to the 1940s. These aeroplanes are used primarily for troop transport and parachute training, and carry no weaponry.

"We would need 100 fighters to defend our airspace," says Mr Vasiliauskas, "but this is totally impractical: one fighter would cost our entire defence budget." There is

talk of purchasing a surface-to-air missile system, but no concrete plans have been drawn up.

The republic's navy polices the coastline against smuggling, illegal fishing or other violations of Lithuania's coastal waters. This branch of the armed forces has stirred controversy with its recent purchase of a former scientific vessel, the 30-metre *Vietra*, to act as its flagship: why, people wondered, was the government spending money on buying a warship when it could not even afford to heat people's homes?

The Defence Ministry justifies the purchase by saying that the ship was offered for sale second hand, for roubles—a rare bargain which probably saved the country a great deal of money. Mr Vasiliauskas admits that, as an unarmed vessel designed for civilian use, the *Vietra* is no more capable than the navy's four smaller 15-metre patrol craft. But, he says, the very "psychological presence" of a large ship serves the purpose of intimidating those who violate Lithuania's national waters.

The responsibilities of the land-based forces include civil defence, rescue, security of strategic locations and territorial defence.

Nobody imagines that the Lithuanian army could halt a full-scale invasion, but Mr Vasiliauskas explains that it would be important to fight back to show the world that the country was being taken by force and not by consent. To this end, he says, a small force of well-trained troops would be more effective than a large, badly-trained force.

Assistance in training, initially in foreign languages, is being provided by the US, France and Germany.

Weekly Report on Russian Troop Activities in Baltics

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in English 6-12 Nov 92 p 3

[Article by Lya Oll: "TROOP WATCH is a weekly column that monitors the activities of the ex-Soviet occupation forces in the region"]

[Text]

- In a telephone call to Lithuania's President Vytautas Landsbergis on November 1, President Yeltsin of

Russia said his recent decision to halt troop withdrawal from the Baltics meant a reorganisation of the pullout and that Russia will honour agreements on withdrawal signed with Lithuania; the deadline for complete withdrawal will remain in force.

- Russian air force planes continued unauthorised flights in Lithuanian airspace: eight flights were registered on October 27, five on October 28, eight on October 29, nine on October 30.
- A drunken and disorderly Russian soldier in civilian clothes was detained by police in Panevezys, central Lithuania, and handed over to military officials (November 1).
- Three violations of the integrity of Latvian airspace by Russian air forces were reported on October 30; one on October 31; and 20 on November 1; the latter involved planes carrying military equipment from Lithuania to Russia which were denied permission to use Belorussian airspace.
- Three Russian navy boats left their base in Riga without the permission of the Latvian authorities and spent a day on the Gulf of Riga (October 29).
- Russian troops illegally logged about 450 cu m of timber in the region of Aluksne, northeastern Latvia, throughout October; Latvian forestry officials have been denied permission to inspect the damages.
- Latvia will consider demanding compensation from Russia for the use of land and communications by its army in Latvia, the head of the Latvian delegation for talks over troop withdrawal, Janis Dinevic, announced on November 2, commenting on the Russian President's decision to halt troop pullout from the Baltics; Mr Dinevic also suggested further talks with Russia should take place on neutral ground, not in Riga or Moscow as before.
- Headquarters of the Russian air force division in Tartu, central Estonia, were handed over to Estonian officials (October 30); according to the Estonian officials, the building was in bad state of repair but nothing had been damaged on purpose.
- The Russian army special task force unit 77034, based in the central Estonian town of Viljandi, handed over its premises to Estonian authorities (November 2); at present only 15 military staff remain in the town waiting to leave for their new postings in Russia.
- The Belorussian parliament has decided to recall all Belorussians serving in the Russian army in the Baltics; several hundred Belarus nationals are estimated to be serving in Latvia, Lithuania and Estonia.

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